

MONTANA LEGISLATIVE HISTORY

Chapter 611 19 82

Bill H _____ S 200 Original bill & history ☒ C

H. Committee on Taxation

Hearing Date(s) Mar 12 ☒ C

Apr 7 ☒ C

Apr 10 ☒ C

_____ C

_____ C

Date Out Apr 13 ☒ C

S. Committee on Taxation

Hearing Date(s) Jan 30 ☒ C

Feb 11 ☒ C

_____ C

_____ C

Feb 11 ☒ C

Did this bill originate in an interim committee? ☐ Yes ☐ No

Committee _____

Report _____

SENATE BILL NO. 200

INTRODUCED BY E. SMITH, SEVERSON, B. BROWN, TVEIT,
MCCALLUM, NATHE, HAGER, FARRELL, HIRSCH, LYBECK, BECK,
DEVLIN, C. SMITH, JONES, KOLSTAD, ELLISON

IN THE SENATE

JANUARY 23, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

FEBRUARY 12, 1987 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

FEBRUARY 13, 1987 PRINTING REPORT.

FEBRUARY 16, 1987 SECOND READING, DO PASS AS AMENDED.

FEBRUARY 17, 1987 ENGROSSING REPORT.

FEBRUARY 18, 1987 THIRD READING, PASSED.
AYES, 32; NOES, 18.

TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 23, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

APRIL 13, 1987 COMMITTEE RECOMMEND BILL BE
CONCURRED IN AS AMENDED. REPORT
ADOPTED.

ON MOTION, RULES SUSPENDED TO PLACE
BILL ON SECOND AND THIRD READING THE
83RD LEGISLATIVE DAY.

APRIL 14, 1987 SECOND READING, CONCURRED IN AS
AMENDED.

THIRD READING, FAILED.
AYES, 49; NOES, 50.

ON MOTION, RECONSIDER PREVIOUS ACTION.

APRIL 14, 1987

THIRD READING, CONCURRED IN.
AYES, 55; NOES, 44.

RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

APRIL 16, 1987

RECEIVED FROM HOUSE.

SECOND READING, AMENDMENTS
CONCURRED IN.

APRIL 17, 1987

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

SENATE FINAL STATUS

3/03 REFERRED TO BUSINESS & LABOR
 3/17 HEARING
 3/27 TABLED IN COMMITTEE

SB 199 INTRODUCED BY BROWN, R., PECK, GRADY, ET AL.
 LIMIT CASH RESERVE FUND OF A SCHOOL DISTRICT TO 15
 PERCENT OF GENERAL FUND BUDGET

1/23 INTRODUCED
 1/23 REFERRED TO EDUCATION & CULTURAL RESOURCES
 2/06 HEARING
 2/17 COMMITTEE REPORT--BILL PASSED AS AMENDED
 2/19 2ND READING PASSED 49 0
 2/21 3RD READING PASSED 46 3

TRANSMITTED TO HOUSE
 2/23 REFERRED TO EDUCATION & CULTURAL RESOURCES
 3/04 HEARING
 3/04 FISCAL NOTE REQUESTED
 3/11 FISCAL NOTE RECEIVED
 3/24 COMMITTEE REPORT--BILL CONCURRED AS AMENDED
 3/28 2ND READING NOT CONCURRED 74 4
 3/28 RETURNED TO SENATE NOT CONCURRED

SB 200 INTRODUCED BY SMITH, E., SEVERSON, BROWN, R., ET AL.
 REPLACE VEHICLE FEE SYSTEM WITH A PROPERTY TAX AT
 RATE OF 2 PERCENT OF VALUE

1/23 INTRODUCED
 1/23 REFERRED TO TAXATION
 1/23 FISCAL NOTE REQUESTED
 1/28 FISCAL NOTE RECEIVED
 1/30 HEARING
 2/12 COMMITTEE REPORT--BILL PASSED AS AMENDED
 2/16 2ND READING PASSED AS AMENDED 32 15
 2/18 3RD READING PASSED 32 18

TRANSMITTED TO HOUSE
 2/19 REVISED FISCAL NOTE REQUESTED
 2/20 REVISED FISCAL NOTE RECEIVED
 2/23 REFERRED TO TAXATION
 3/12 HEARING
 4/13 COMMITTEE REPORT--BILL CONCURRED AS AMENDED
 4/14 2ND READING CONCURRED AS AMENDED 51 48
 4/14 3RD READING FAILED 49 50
 4/14 RECONSIDERED PREVIOUS ACTION
 4/14 3RD READING CONCURRED 55 44

RETURNED TO SENATE WITH AMENDMENTS
 4/16 2ND READING AMENDMENTS CONCURRED 37 12
 4/17 3RD READING AMENDMENTS CONCURRED 36 14
 4/22 SIGNED BY PRESIDENT
 4/22 SIGNED BY SPEAKER

4/22 TRANSMITTED TO GOVERNOR
 4/27 SIGNED BY GOVERNOR
 CHAPTER NUMBER 611

SECTION 1-37, 38(2), 39, 40 --

EFFECTIVE DATE: 4/27/87

SECTION 38(1) -- EFFECTIVE DATE: 7/01/87

SB 201 INTRODUCED BY STORY
 DEFINING "PREMISES" TO INCLUDE MORE THAN ONE
 BUILDING

SENATE BILL NO. 200
INTRODUCED BY Ed Smith Severson Bob Brown
Trent Maffelbaum Nathan
A BILL FOR AN ACT ENTITLED: *AN ACT TO REPLACE THE FEE IN LIEU OF TAX ON LIGHT VEHICLES, MOTORCYCLES, QUADRICYCLES, MOTOR HOMES, TRAVEL TRAILERS, AND CAMPERS WITH A PROPERTY TAX; AMENDING SECTIONS 7-1-2111, 15-1-501, 15-6-138, 15-6-140, 15-6-201, 15-8-201, 15-8-202, 15-24-101, 15-24-105, 15-24-301, 15-30-121, 15-31-114, 15-36-112, 15-50-207, 20-9-141, 20-9-331, 20-9-333, 20-9-352, 20-9-501, 20-10-144, 61-1-130, 61-1-131, 61-3-303, 61-3-332, 61-3-431, 61-3-501 THROUGH 61-3-504, 61-3-506, 61-3-509, 61-3-524, 61-3-531, 61-3-533 THROUGH 61-3-535, 61-3-701, AND 61-6-302, MCA; REPEALING SECTIONS 7-6-301 THROUGH 7-6-309, 61-3-521 THROUGH 61-3-523, 61-3-532, 61-3-536, 61-3-541, AND 61-3-542, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.*

19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

20 Section 1. Section 7-1-2111, MCA, is amended to read:

21 "7-1-2111. Classification of counties. (1) For the
22 purpose of regulating the compensation and salaries of all
23 county officers, not otherwise provided for, and for fixing
24 the penalties of officers' bonds, the several counties of
25 this state shall be classified according to that percentage

1 of the true and full valuation of the property therein upon
2 which the tax levy is made, except for vehicles subject to
3 taxation under 61-3-504(2), as follows:

4 (a) first class--all counties having such a taxable
5 valuation of \$50 million or over;

6 (b) second class--all counties having such a taxable
7 valuation of more than \$30 million and less than \$50
8 million;

9 (c) third class--all counties having such a taxable
10 valuation of more than \$20 million and less than \$30
11 million;

12 (d) fourth class--all counties having such a taxable
13 valuation of more than \$15 million and less than \$20
14 million;

15 (e) fifth class--all counties having such a taxable
16 valuation of more than \$10 million and less than \$15
17 million;

18 (f) sixth class--all counties having such a taxable
19 valuation of more than \$5 million and less than \$10 million;

20 (g) seventh class--all counties having such a taxable
21 valuation of less than \$5 million.

22 (2) As used in this section, taxable valuation means
23 the taxable value of taxable property in the county as of
24 the time of determination plus:

25 (a) that portion of the taxable value of the county on

December 31, 1981, attributable to automobiles and trucks having a rated capacity of three-quarters of a ton or less; and

(b) the amount of new production taxes levied, as provided in 15-23-607, divided by the appropriate tax rates described in 15-23-607(2)(a) or (2)(b) and multiplied by 60%."

Section 2. Section 15-1-501, MCA, is amended to read:

"15-1-501. Disposition of moneys from certain designated license and other taxes. (1) The state treasurer shall deposit to the credit of the state general fund all moneys received by him from the collection of:

(a) fees from driver's licenses, motorcycle endorsements, and duplicate driver's licenses as provided in 61-5-121;

(b) electrical energy producer's license taxes under chapter 51;

(c) severance taxes allocated to the general fund under chapter 36;

(d) liquor license taxes under Title 16;

(e) telephone [company] license taxes under chapter 53; and

(f) inheritance and estate taxes under Title 72, chapter 16.

(2) Seventy-five percent of all moneys received from

the collection of income taxes under chapter 30 and corporation license and income taxes under chapter 31, except as provided in 15-31-702, shall be deposited in the general fund subject to the prior pledge and appropriation of such income tax and corporation license tax collections for the payment of long-range building program bonds. The remaining 25% of the proceeds of the corporation license tax, excluding that allocated to the counties under 15-31-702, corporation income tax, and income tax shall be deposited to the credit of the state special revenue fund for state equalization aid to the public schools of Montana.

(3) The state treasurer shall also deposit to the credit of the state general fund all moneys received by him from the collection of license taxes, fees, and all net revenues and receipts from all other sources under the operation of the Montana Alcoholic Beverage Code.

(4) ~~Thirty-three--and--one-third--percent--of--the--total collections--of--the--oil--severance--tax--under--chapter--36--shall be--deposited--into--the--local--government--block--grant--account within--the--state---special---revenue---fund.~~ After the distribution provided for in 15-36-112, the remainder of the oil severance tax collections shall be deposited in the general fund."

Section 3. Section 15-6-138, MCA, is amended to read:

"15-6-138. Class eight property -- description --

1 taxable percentage. (1) Class eight property includes:
2 (a) all agricultural implements and equipment;
3 (b) all mining machinery, fixtures, equipment, tools,
4 and supplies except:
5 (i) those included in class five; and
6 (ii) coal and ore haulers;
7 (c) all manufacturing machinery, fixtures, equipment,
8 tools, and supplies except those included in class five;
9 (d) all trailers up to and including 18,000 pounds
10 maximum gross loaded weight, except those subject to a fee
11 in-lieu-of-property-tax taxation under 61-3-504(2);
12 (e) aircraft;
13 (f) all goods and equipment intended for rent or
14 lease, except goods and equipment specifically included and
15 taxed in another class; and
16 (g) all other machinery except that specifically
17 included in another class.
18 (2) Class eight property is taxed at 11% of its market
19 value."
20 Section 4. Section 15-6-140, MCA, is amended to read:
21 "15-6-140. Class ten property -- description --
22 taxable percentage. (1) Class ten property includes:
23 (a) radio and television broadcasting and transmitting
24 equipment;
25 (b) cable television systems;

1 (c) coal and ore haulers;
2 (d) trucks having a rated capacity of more than 1 1/2
3 tons, including those prorated under 15-24-102;
4 (e) all trailers exceeding 18,000 pounds maximum gross
5 loaded weight, including those prorated under 15-24-102 and
6 except those subject to a ~~fee~~ in-lieu-of-property-tax
7 taxation under 61-3-504(2);
8 (f) theater projectors and sound equipment; and
9 (g) all other property not included in any other class
10 in this part except that property subject to a fee in lieu
11 of a property tax.
12 (2) Class ten property is taxed at 16% of its market
13 value."
14 Section 5. Section 15-6-201, MCA, is amended to read:
15 "15-6-201. Exempt categories. (1) The following
16 categories of property are exempt from taxation:
17 (a) the property of:
18 (i) the United States, the state, counties, cities,
19 towns, school districts, except, if congress passes
20 legislation that allows the state to tax property owned by
21 an agency created by congress to transmit or distribute
22 electrical energy, the property constructed, owned, or
23 operated by a public agency created by the congress to
24 transmit or distribute electric energy produced at privately
25 owned generating facilities (not including rural electric

1 cooperatives);

2 (ii) irrigation districts organized under the laws of
3 Montana and not operating for profit;

4 (iii) municipal corporations; and

5 (iv) public libraries;

6 (b) buildings, with land they occupy and furnishings
7 therein, owned by a church and used for actual religious
8 worship or for residences of the clergy, together with
9 adjacent land reasonably necessary for convenient use of
10 such buildings;

11 (c) property used exclusively for agricultural and
12 horticultural societies, for educational purposes, and for
13 hospitals;

14 (d) property that meets the following conditions:

15 (i) is owned and held by any association or
16 corporation organized under Title 35, chapter 2, 3, 20, or
17 21;

18 (ii) is devoted exclusively to use in connection with a
19 cemetery or cemeteries for which a permanent care and
20 improvement fund has been established as provided for in
21 Title 35, chapter 20, part 3; and

22 (iii) is not maintained and operated for private or
23 corporate profit;

24 (e) institutions of purely public charity;

25 (f) evidence of debt secured by mortgages of record

1 upon real or personal property in the state of Montana;

2 (g) public art galleries and public observatories not
3 used or held for private or corporate profit;

4 (h) all household goods and furniture, including but
5 not limited to clocks, musical instruments, sewing machines,
6 and wearing apparel of members of the family, used by the
7 owner for personal and domestic purposes or for furnishing
8 or equipping the family residence;

9 (i) a truck canopy cover or topper weighing less than
10 300 pounds and having no accommodations attached. Such
11 property is also exempt from the fee-in-lieu-of-tax taxation
12 under 61-3-504(2).

13 (j) a bicycle, as defined in 61-1-123, used by the
14 owner for personal transportation purposes;

15 ~~{k}--automobiles--and-trucks-having-a-rated-capacity-of~~
16 ~~three-quarters-of-a-ton-or-less;~~

17 ~~{l}--motorcycles-and-quadracycles;~~

18 ~~{m}{k}~~ fixtures, buildings, and improvements owned by
19 a cooperative association or nonprofit corporation organized
20 to furnish potable water to its members or customers for
21 uses other than the irrigation of agricultural land;

22 ~~{n}{l}~~ the right of entry that is a property right
23 reserved in land or received by mesne conveyance (exclusive
24 of leasehold interests), devise, or succession to enter land
25 whose surface title is held by another to explore, prospect,

or dig for oil, gas, coal, or minerals;

~~(e)~~(m) property owned and used by a corporation or association organized and operated exclusively for the care of the developmentally disabled, mentally ill, or vocationally handicapped as defined in 18-5-101, which is not operated for gain or profit; and

~~(p)~~(n) all farm buildings with a market value of less than \$500 and all agricultural implements and machinery with a market value of less than \$100.

(2) (a) The term "institutions of purely public charity" includes organizations owning and operating facilities for the care of the retired or aged or chronically ill, which are not operated for gain or profit.

(b) The terms "public art galleries" and "public observatories" include only those art galleries and observatories, whether of public or private ownership, that are open to the public without charge at all reasonable hours and are used for the purpose of education only.

(3) The following portions of the appraised value of a capital investment made after January 1, 1979, in a recognized nonfossil form of energy generation, as defined in 15-32-102, are exempt from taxation for a period of 10 years following installation of the property:

(a) \$20,000 in the case of a single-family residential dwelling;

(b) \$100,000 in the case of a multifamily residential dwelling or a nonresidential structure. (Subsection (1)(p) ~~(now (1)(n))~~ applicable to taxable years beginning after December 31, 1985--sec. 4, Ch. 463, L. 1985.)"

Section 6. Section 15-8-201, MCA, is amended to read:
"15-8-201. General assessment day. (1) The department of revenue or its agent must, between January 1 and the second Monday of July in each year, ascertain the names of all taxable inhabitants and assess all property subject to taxation in each county. The department or its agent must assess property to the person by whom it was owned or claimed or in whose possession or control it was at midnight of January 1 next preceding. It must also ascertain and assess all mobile homes arriving in the county after midnight of January 1 next preceding. No mistake in the name of the owner or supposed owner of real property, however, renders the assessment invalid.

(2) The procedure provided by this section may not apply to:

(a) motor vehicles that are required by 15-8-202 to be assessed on January 1 or upon their anniversary registration date;

~~(b)--automobiles-and-trucks-having-a-rated-capacity-of three-quarters-of-a-ton-or-less;~~

~~(c)--motor--homes--and-travel-trailers-subject-to-a-fee~~

1 in-lieu-of-property-tax;

2 {d}--motorcycles-and-quadracycles;

3 {e}{b} livestock;

4 {f}{c} property defined in 61-1-104 as "special mobile
5 equipment" that is subject to assessment for personal
6 property taxes on the date that application is made for a
7 special mobile equipment plate; and

8 {g}{d} mobile homes held by a distributor or dealer of
9 mobile homes as a part of his stock in trade.

10 (3) Credits must be assessed as provided in
11 15-1-101(1)(d)."

12 Section 7. Section 15-8-202, MCA, is amended to read:

13 "15-8-202. Motor vehicle assessment. (1) The
14 department, or its agent, or the county treasurer under
15 61-3-503, must, in each year, ascertain and assess all motor
16 vehicles other--than--automobiles,--trucks--having--a--rated
17 capacity--of--three-quarters--of-a-ton-or-less, motorcycles,
18 quadracycles, motor-homes, travel-trailers, or mobile homes
19 in each county subject to taxation as of January 1 or as of
20 the anniversary registration date of those vehicles subject
21 to 61-3-313 through 61-3-316 and 61-3-501. The assessment
22 for all motor vehicles will must be made using--the--market
23 value--as--of--January--1--of--the-year-of-assessment-of-the
24 vehicle-as-contained--in--the--most--recent--volume--of--the
25 Mountain--States--Edition-of-the-National-Automobile-Dealers

1 Association-Official--Used--Car--Guide in accordance with
2 61-3-503. The motor vehicles shall be assessed in each year
3 to the persons by whom owned or claimed or in whose
4 possession or control they were at midnight of January 1 or
5 the anniversary registration date thereof, whichever is
6 applicable.

7 (2) No tax may be assessed against motor vehicles
8 subject to taxation that constitute inventory of motor
9 vehicle dealers as of January 1. These vehicles and all
10 other motor vehicles subject to taxation brought into the
11 state subsequent to January 1 as motor vehicle dealers'
12 inventories shall be assessed to their respective purchasers
13 as of the dates the vehicles are registered by the
14 purchasers.

15 (3) "Purchasers" includes dealers who apply for
16 registration or reregistration of motor vehicles, except as
17 otherwise provided by 61-3-502.

18 (4) Goods, wares, and merchandise of motor vehicle
19 dealers, other than new motor vehicles and new mobile homes,
20 shall be assessed at market value as of January 1."

21 Section 8. Section 15-24-101, MCA, is amended to read:

22 "15-24-101. Assessment of proportionally registered
23 interstate motor vehicle fleets -- tax payment required for
24 registration. (1) The department of revenue shall assess,
25 for the purpose of personal property taxes, the taxable

vehicles in interstate motor vehicle fleets proportionally registered under the provisions of 61-3-711 through 61-3-733, and the assessment shall be apportioned on the ratio of total miles traveled to in-state miles traveled formula as prescribed by 61-3-721. Interstate motor vehicle fleets are assessable for taxation purposes upon application for proportional registration and are assessed to the persons who own or claim or in whose possession or control the fleet is at the time of the application.

(2) With respect to any fleet contained in an original application which has a situs for purpose of property taxation in Montana by the terms of this part or any other provision of the laws of Montana between January 1 and April 1, the taxable vehicles are taxed for a full year. With respect to any fleet contained in an original application which acquires a situs for the purpose of property taxation in Montana under the provisions of this part or any other law of the state of Montana after April 1, the taxes on taxable vehicles are apportioned as provided in 15-24-303.

(3) With respect to any fleet contained in a renewal application, the taxable vehicles are assessed and taxed for a full year.

(4) Automobiles and trucks having a rated capacity of three-quarters of a ton or less that are part of an interstate motor vehicle fleet are subject to the--light

~~vehicle-license-fee-imposed-by-61-3-532~~ property tax. If the fleet is proportionally registered, the fee tax is apportioned in the same fashion as the registration fee under 61-3-721.

(5) Vehicles contained in a fleet for which current taxes, fees, or both have been assessed and paid shall not be assessed or charged fees under this section upon presentation to the department of proof of payment of taxes, or fees, or both for the current registration year. The payment of personal property taxes, fees, or both, is a condition precedent to proportional registration or reregistration of an interstate motor vehicle fleet."

Section 9. Section 15-24-105, MCA, is amended to read:

"15-24-105. Deposit and distribution of taxes and fees on proportionally registered fleets. The personal property taxes and license fees collected under this part shall be deposited with the state treasurer for distribution to the general fund of each county on the following basis:

(1) for personal property taxes, according to the ratio of the taxable valuation of each county to the total state taxable valuation; and

(2) for ~~light~~ vehicle license fees, according to the ratio of ~~light~~ vehicle license fees, other than fees derived from interstate motor vehicle fleets, collected in each county to the sum of all such fees collected in all the

1 counties."

2 Section 10. Section 15-24-301, MCA, is amended to
3 read:

4 "15-24-301. Personal property brought into the state
5 -- assessment -- exceptions -- custom combine equipment. (1)
6 Except as provided in subsections (2) through ~~(6)~~ (5),
7 property in the following cases is subject to taxation and
8 assessment for all taxes levied that year in the county in
9 which it is located:

10 (a) any personal property (including livestock)
11 brought, driven, or coming into this state at any time
12 during the year that is used in the state for hire,
13 compensation, or profit;

14 (b) property whose owner or user is engaged in gainful
15 occupation or business enterprise in the state; or

16 (c) property which comes to rest and becomes a part of
17 the general property of the state.

18 (2) The taxes on this property are levied in the same
19 manner and to the same extent, except as otherwise provided,
20 as though the property had been in the county on the regular
21 assessment date, provided that the property has not been
22 regularly assessed for the year in some other county of the
23 state.

24 (3) Nothing in this section shall be construed to levy
25 a tax against a merchant or dealer within this state on

1 goods, wares, or merchandise brought into the county to
2 replenish the stock of the merchant or dealer.

3 (4) Any motor vehicle ~~not-subject-to-the-light-vehicle~~
4 ~~license-fee-or-a-fee-in-lieu-of-tax~~ brought, driven, or
5 coming into this state by any nonresident person temporarily
6 employed in Montana and used exclusively for transportation
7 of such person is subject to taxation and assessment for
8 taxes as follows:

9 (a) The motor vehicle is taxed by the county in which
10 it is located.

11 (b) One-fourth of the annual tax liability of the
12 motor vehicle must be paid for each quarter or portion of a
13 quarter of the year that the motor vehicle is located in
14 Montana.

15 (c) The quarterly taxes are due the first day of the
16 quarter.

17 (5) Agricultural harvesting machinery classified under
18 class eight, licensed in other states, and operated on the
19 lands of persons other than the owner of the machinery under
20 contracts for hire shall be subject to a fee in lieu of
21 taxation of \$35 per machine for the calendar year in which
22 the fee is collected. The machines shall be subject to
23 taxation under class eight only if they are sold in Montana.

24 ~~(6) The provisions of this part do not apply to~~
25 ~~automobiles and trucks having a rated capacity of~~

1 ~~three-quarters--of--a--ton--or--less,--motorcycles,--or~~
 2 ~~quadricycles. These vehicles are subject to the fee provided~~
 3 ~~for in 61-3-532 or 61-3-541.~~"

4 Section 11. Section 15-30-121, MCA, is amended to
 5 read:

6 "15-30-121. Deductions allowed in computing net
 7 income. In computing net income, there are allowed as
 8 deductions:

9 (1) the items referred to in sections 161 and 211 of
 10 the Internal Revenue Code of 1954, or as sections 161 and
 11 211 shall be labeled or amended, subject to the following
 12 exceptions which are not deductible:

13 (a) items provided for in 15-30-123;

14 (b) state income tax paid;

15 (2) federal income tax paid within the taxable year;

16 (3) expenses of household and dependent care services
 17 as outlined in subsections (3)(a) through (3)(c) and subject
 18 to the limitations and rules as set out in subsections
 19 (3)(d) through (3)(f) as follows:

20 (a) expenses for household and dependent care services
 21 necessary for gainful employment incurred for:

22 (i) a dependent under 15 years of age for whom an
 23 exemption can be claimed;

24 (ii) a dependent as allowable under 15-30-112(5),
 25 except that the limitations for age and gross income do not

1 apply, who is unable to care for himself because of physical
 2 or mental illness; and

3 (iii) a spouse who is unable to care for himself
 4 because of physical or mental illness;

5 (b) employment-related expenses incurred for the
 6 following services, but only if such expenses are incurred
 7 to enable the taxpayer to be gainfully employed:

8 (i) household services which are attributable to the
 9 care of the qualifying individual; and

10 (ii) care of an individual who qualifies under
 11 subsection (3)(a);

12 (c) expenses incurred in maintaining a household if
 13 over half of the cost of maintaining the household is
 14 furnished by an individual or, if the individual is married
 15 during the applicable period, is furnished by the individual
 16 and his spouse;

17 (d) the amounts deductible in subsection (3)(a)
 18 through (3)(c) are subject to the following limitations:

19 (i) a deduction is allowed under subsection (3)(a) for
 20 employment-related expenses incurred during the year only to
 21 the extent such expenses do not exceed \$4,800;

22 (ii) expenses for services in the household are
 23 deductible under subsection (3)(a) for employment-related
 24 expenses only if they are incurred for services in the
 25 taxpayer's household, except that employment-related

1 expenses incurred for services outside the taxpayer's
2 household are deductible, but only if incurred for the care
3 of a qualifying individual described in subsection (3)(a)(i)
4 and only to the extent such expenses incurred during the
5 year do not exceed:

6 (A) \$2,400 in the case of one qualifying individual;

7 (B) \$3,600 in the case of two qualifying individuals;

8 and

9 (C) \$4,800 in the case of three or more qualifying
10 individuals;

11 (e) if the combined adjusted gross income of the
12 taxpayers exceeds \$18,000 for the taxable year during which
13 the expenses are incurred, the amount of the
14 employment-related expenses incurred must be reduced by
15 one-half of the excess of the combined adjusted gross income
16 over \$18,000;

17 (f) for purposes of this subsection (3):

18 (i) married couples shall file a joint return or file
19 separately on the same form;

20 (ii) if the taxpayer is married during any period of
21 the taxable year, employment-related expenses incurred are
22 deductible only if:

23 (A) both spouses are gainfully employed on a
24 substantially full-time basis; or

25 (B) the spouse is a qualifying individual described in

1 subsection (3)(a)(iii);

2 (iii) an individual legally separated from his spouse
3 under a decree of divorce or of separate maintenance may not
4 be considered as married;

5 (iv) the deduction for employment-related expenses must
6 be divided equally between the spouses when filing
7 separately on the same form;

8 (v) payment made to a child of the taxpayer who is
9 under 19 years of age at the close of the taxable year and
10 payments made to an individual with respect to whom a
11 deduction is allowable under 15-30-112(5) are not deductible
12 as employment-related expenses;

13 (4) in the case of an individual, political
14 contributions determined in accordance with the provisions
15 of section 218(a) and (b) of the Internal Revenue Code that
16 were in effect for the taxable year ended December 31, 1978;

17 (5) that portion of expenses for organic fertilizer
18 allowed as a deduction under 15-32-303 which was not
19 otherwise deducted in computing taxable income;

20 ~~(6) light vehicle license fees, as provided by~~
21 ~~61-3-532, paid during the taxable year;~~

22 ~~(7) fees in lieu of taxes on motorcycles and~~
23 ~~quadricycles, as provided by 61-3-541, paid during the~~
24 ~~taxable year; and~~

25 ~~(8)~~ (6) contributions to the child abuse and neglect

1 prevention program provided for in 41-3-701, subject to the
2 conditions set forth in 15-30-156. (Subsection (8) [now
3 subsection (6)] terminates January 1, 1990--sec. 13, Ch.
4 610, L. 1985.)"

5 Section 12. Section 15-31-114, MCA, is amended to
6 read:

7 "15-31-114. Deductions allowed in computing income. In
8 computing the net income, the following deductions shall be
9 allowed from the gross income received by such corporation
10 within the year from all sources:

11 (1) All the ordinary and necessary expenses paid or
12 incurred during the taxable year in the maintenance and
13 operation of its business and properties, including
14 reasonable allowance for salaries for personal services
15 actually rendered, subject to the limitation hereinafter
16 contained, rentals or other payments required to be made as
17 a condition to the continued use or possession of property
18 to which the corporation has not taken or is not taking
19 title or in which it has no equity. No deduction shall be
20 allowed for salaries paid upon which the recipient thereof
21 has not paid Montana state income tax; provided, however,
22 that where domestic corporations are taxed on income derived
23 from without the state, salaries of officers paid in
24 connection with securing such income shall be deductible.

25 (2) (a) All losses actually sustained and charged off

1 within the year and not compensated by insurance or
2 otherwise, including a reasonable allowance for the wear and
3 tear and obsolescence of property used in the trade or
4 business, such allowance to be determined according to the
5 provisions of section 167 of the Internal Revenue Code in
6 effect with respect to the taxable year. All elections for
7 depreciation shall be the same as the elections made for
8 federal income tax purposes. No deduction shall be allowed
9 for any amount paid out for any buildings, permanent
10 improvements, or betterments made to increase the value of
11 any property or estate, and no deduction shall be made for
12 any amount of expense of restoring property or making good
13 the exhaustion thereof for which an allowance is or has been
14 made.

15 (b) (i) There shall be allowed as a deduction for the
16 taxable period a net operating loss deduction determined
17 according to the provisions of this subsection. The net
18 operating loss deduction is the aggregate of net operating
19 loss carryovers to such taxable period plus the net
20 operating loss carrybacks to such taxable period. The term
21 "net operating loss" means the excess of the deductions
22 allowed by this section, 15-31-114, over the gross income,
23 with the modifications specified in (ii) of this subsection.
24 If for any taxable period beginning after December 31, 1970,
25 a net operating loss is sustained, such loss shall be a net

1 operating loss carryback to each of the three taxable
 2 periods preceding the taxable period of such loss and shall
 3 be a net operating loss carryover to each of the five
 4 taxable periods following the taxable period of such loss. A
 5 net operating loss for any taxable period ending after
 6 December 31, 1975, in addition to being a net operating loss
 7 carryback to each of the three preceding taxable periods,
 8 shall be a net operating loss carryover to each of the seven
 9 taxable periods following the taxable period of such loss.
 10 The portion of such loss which shall be carried to each of
 11 the other taxable years shall be the excess, if any, of the
 12 amount of such loss over the sum of the net income for each
 13 of the prior taxable periods to which such loss was carried.
 14 For purposes of the preceding sentence, the net income for
 15 such prior taxable period shall be computed with the
 16 modifications specified in (ii)(B) of this subsection and by
 17 determining the amount of the net operating loss deduction
 18 without regard to the net operating loss for the loss period
 19 or any taxable period thereafter, and the net income so
 20 computed shall not be considered to be less than zero.

21 (ii) The modifications referred to in (i) of this
 22 subsection shall be as follows:

23 (A) No net operating loss deduction shall be allowed.

24 (B) The deduction for depletion shall not exceed the
 25 amount which would be allowable if computed under the cost

1 method.

2 (C) Any net operating loss carried over to any taxable
 3 years beginning after December 31, 1978, must be calculated
 4 under the provisions of this section effective for the
 5 taxable year for which the return claiming the net operating
 6 loss carryover is filed.

7 (iii) A net operating loss deduction shall be allowed
 8 only with regard to losses attributable to the business
 9 carried on within the state of Montana.

10 (iv) In the case of a merger of corporations, the
 11 surviving corporation shall not be allowed a net operating
 12 loss deduction for net operating losses sustained by the
 13 merged corporations prior to the date of merger. In the case
 14 of a consolidation of corporations, the new corporate entity
 15 shall not be allowed a deduction for net operating losses
 16 sustained by the consolidated corporations prior to the date
 17 of consolidation.

18 (v) Notwithstanding the provisions of 15-31-531,
 19 interest shall not be paid with respect to a refund of tax
 20 resulting from a net operating loss carryback or carryover.

21 (vi) The net operating loss deduction shall not be
 22 allowed with respect to taxable periods which ended on or
 23 before December 31, 1970, but shall be allowed only with
 24 respect to taxable periods beginning on or after January 1,
 25 1971.

(3) In the case of mines, other natural deposits, oil and gas wells, and timber, a reasonable allowance for depletion and for depreciation of improvements; such reasonable allowance to be determined according to the provisions of the Internal Revenue Code in effect for the taxable year. All elections made under the Internal Revenue Code with respect to capitalizing or expensing exploration and development costs and intangible drilling expenses for corporation license tax purposes shall be the same as the elections made for federal income tax purposes.

(4) The amount of interest paid within the year on its indebtedness incurred in the operation of the business from which its income is derived; but no interest shall be allowed as a deduction if paid on an indebtedness created for the purchase, maintenance, or improvement of property or for the conduct of business unless the income from such property or business would be taxable under this part.

(5) (a) Taxes paid within the year, except the following:

(i) Taxes imposed by this part.

(ii) Taxes assessed against local benefits of a kind tending to increase the value of the property assessed.

(iii) Taxes on or according to or measured by net income or profits imposed by authority of the government of the United States.

(iv) Taxes imposed by any other state or country upon or measured by net income or profits.

(b) Taxes deductible under this part shall be construed to include taxes imposed by any county, school district, or municipality of this state.

~~(6) Eight vehicle license fees, as provided by 61-3-532, and fees in lieu of taxes for motorcycles and quadricycles, as provided by 61-3-541, paid within the year.~~

~~(7)(6)~~ That portion of an energy-related investment allowed as a deduction under 15-32-103.

~~(8)(7)~~ (a) Except as provided in subsection (b), charitable contributions and gifts that qualify for deduction under section 170 of the Internal Revenue Code, as amended.

(b) The public service commission shall not allow in the rate base of a regulated corporation the inclusion of contributions made under this subsection.

~~(9)(8)~~ In lieu of the deduction allowed under subsection ~~(8)~~ (7), the taxpayer may deduct the fair market value, not to exceed 30% of the taxpayer's net income, of a computer or other sophisticated technological equipment or apparatus intended for use with the computer donated to an elementary, secondary, or accredited postsecondary school located in Montana if:

(a) the contribution is made no later than 5 years

1 after the manufacture of the donated property is
2 substantially completed;

3 (b) the property is not transferred by the donee in
4 exchange for money, other property, or services; and

5 (c) the taxpayer receives a written statement from the
6 donee in which the donee agrees to accept the property and
7 representing that the use and disposition of the property
8 will be in accordance with the provisions of (b) of this
9 subsection ~~(9)~~ (8)."

10 Section 13. Section 15-36-112, MCA, is amended to
11 read:

12 "15-36-112. Disposition of oil and gas severance
13 taxes. (1) Each year the department of revenue shall
14 determine the amount of tax collected under this chapter
15 from within each county.

16 (2) The severance taxes collected under this chapter
17 are allocated as follows:

18 ~~(a)---33-1/3%---of---the---oil-severance-tax, not-to-exceed~~
19 ~~\$42-million-for---the---biennium---ending---June---30---1985---is~~
20 ~~deposited-in-the-local-government-block-grant-account-within~~
21 ~~the-state-special-revenue-fund;~~

22 ~~(b)(a)~~ the amount, if any, by which the tax collected
23 from within a county for any fiscal year exceeds the total
24 amount collected from within that county for the previous
25 fiscal year, by reason of increased production and not

1 because of increase in or elimination of federal price
2 ceilings on oil and gas, is statutorily appropriated, as
3 provided in 17-7-502, for allocation to the general fund of
4 the county for distribution as provided in subsection (3);

5 ~~(c)(b)~~ any amount not allocated to the--local
6 government--block--grant--account--or the county under
7 subsection (2)(a) or--~~(2)(b)~~ is allocated to the state
8 general fund.

9 (3) (a) The county treasurer shall distribute the
10 money received under subsection ~~(2)(b)~~ (2)(a) of this
11 section to the county and to all the incorporated cities and
12 towns within the county in the following manner. The county
13 receives the available money multiplied by the ratio of the
14 rural population to the county population. Each incorporated
15 municipality receives the available money multiplied by the
16 ratio of the population of the incorporated municipality to
17 the county population. The rural population is that
18 population of the county living outside the boundaries of an
19 incorporated municipality. Population shall be based on the
20 most recent figures as determined by the department of
21 commerce.

22 (b) The money distributed under this subsection may be
23 used for any purpose as determined by the governing body of
24 the county, city, or town."

25 Section 14. Section 15-50-207, MCA, is amended to

1 read:

2 "15-50-207. Credit against other taxes -- credit for
3 personal property taxes and certain fees. (1) The additional
4 license fees withheld or otherwise paid as provided herein
5 may be used as a credit on the contractor's corporation
6 license tax provided for in chapter 31 of this title or on
7 the contractor's income tax provided for in chapter 30,
8 depending upon the type of tax the contractor is required to
9 pay under the laws of the state.

10 (2) Personal property taxes, ~~fees-in-lieu-of-taxes--on~~
11 ~~motorcycles--or--quadricycles, or light vehicle license fees~~
12 ~~as provided by 61-3-532~~ paid in Montana on any personal
13 property of the contractor which is used in the business of
14 the contractor and is located within this state may be
15 credited against the license fees required under this
16 chapter. However, in computing the tax credit allowed by
17 this section against the contractor's corporation license
18 tax or income tax, the personal property tax ~~or--light~~
19 ~~vehicle--license--fee~~ credit against the license fees herein
20 required shall not be considered as license fees paid for
21 the purpose of such income tax or corporation license tax
22 credit."

23 Section 15. Section 20-9-141, MCA, is amended to read:

24 "20-9-141. Computation of general fund net levy
25 requirement by county superintendent. (1) The county

1 superintendent shall compute the levy requirement for each
2 district's general fund on the basis of the following
3 procedure:

4 (a) Determine the total of the funding required for
5 the district's final general fund budget less the amount
6 established by the schedules in 20-9-316 through 20-9-321 by
7 totaling:

8 (i) the district's nonisolated school foundation
9 program requirement to be met by a district levy as provided
10 in 20-9-303;

11 (ii) the district's permissive levy amount as provided
12 in 20-9-352; and

13 (iii) any general fund budget amount adopted by the
14 trustees of the district under the provisions of 20-9-353,
15 including any additional levies authorized by the electors
16 of the district.

17 (b) Determine the total of the moneys available for
18 the reduction of the property tax on the district for the
19 general fund by totaling:

20 (i) anticipated federal moneys received under the
21 provisions of Title I of Public Law 81-874 or other
22 anticipated federal moneys received in lieu of such federal
23 act;

24 (ii) anticipated tuition payments for out-of-district
25 pupils under the provisions of 20-5-303, 20-5-307, 20-5-312,

1 and 20-5-313;

2 (iii) general fund cash reappropriated, as established

3 under the provisions of 20-9-104;

4 (iv) anticipated or reappropriated state impact aid

5 received under the provisions of 20-9-304;

6 (v) anticipated ~~or--reappropriated-motor-vehicle-fees~~

7 ~~and-reimbursement--under--the--provisions--of--61-3-532--and~~

8 61-3-536 revenue from vehicle property taxes imposed under

9 61-3-504(2);

10 (vi) anticipated net proceeds taxes for new production,

11 as defined in 15-23-601;

12 (vii) anticipated interest to be earned or

13 reappropriated interest earned by the investment of general

14 fund cash in accordance with the provisions of 20-9-213(4);

15 and

16 (viii) any other revenue anticipated by the trustees to

17 be received during the ensuing school fiscal year which may

18 be used to finance the general fund.

19 (c) Subtract the total of the moneys available to

20 reduce the property tax required to finance the general fund

21 that has been determined in subsection (1)(b) from the total

22 requirement determined in subsection (1)(a).

23 (2) The net general fund levy requirement determined

24 in subsection (1)(c) shall be reported to the county

25 commissioners on the second Monday of August by the county

1 superintendent as the general fund levy requirement for the

2 district, and a levy shall be made by the county

3 commissioners in accordance with 20-9-142."

4 Section 16. Section 20-9-331, MCA, is amended to read:

5 "20-9-331. Basic county tax and other revenues for

6 county equalization of the elementary district foundation

7 program. (1) It shall be the duty of the county

8 commissioners of each county to levy an annual basic tax of

9 28 mills on the dollars of the taxable value of all taxable

10 property within the county, except for vehicles subject to

11 taxation under 61-3-504(2), for the purposes of local and

12 state foundation program support. The revenue to be

13 collected from this levy shall be apportioned to the support

14 of the foundation programs of the elementary school

15 districts in the county and to the state special revenue

16 fund, state equalization aid account, in the following

17 manner:

18 (a) In order to determine the amount of revenue raised

19 by this levy which is retained by the county, the sum of the

20 estimated revenues identified in subsection (2) below shall

21 be subtracted from the sum of the county elementary

22 transportation obligation and the total of the foundation

23 programs of all elementary districts of the county.

24 (b) If the basic levy prescribed by this section

25 produces more revenue than is required to finance the

1 difference determined above, the county treasurer shall
 2 remit the surplus funds to the state treasurer for deposit
 3 to the state special revenue fund, state equalization aid
 4 account, immediately upon occurrence of a surplus balance
 5 and each subsequent month thereafter, with any final
 6 remittance due no later than June 20 of the fiscal year for
 7 which the levy has been set.

8 (2) The proceeds realized from the county's portion of
 9 the levy prescribed by this section and the revenues from
 10 the following sources shall be used for the equalization of
 11 the elementary district foundation programs of the county as
 12 prescribed in 20-9-334, and a separate accounting shall be
 13 kept of such proceeds and revenues by the county treasurer
 14 in accordance with 20-9-212(1):

15 (a) the portion of the federal Taylor Grazing Act
 16 funds distributed to a county and designated for the common
 17 school fund under the provisions of 17-3-222;

18 (b) the portion of the federal flood control act funds
 19 distributed to a county and designated for expenditure for
 20 the benefit of the county common schools under the
 21 provisions of 17-3-232;

22 (c) all money paid into the county treasury as a
 23 result of fines for violations of law and the use of which
 24 is not otherwise specified by law;

25 (d) any money remaining at the end of the immediately

1 preceding school fiscal year in the county treasurer's
 2 account for the various sources of revenue established or
 3 referred to in this section;

4 (e) any federal or state money, ~~including anticipated~~
 5 ~~or-reappropriated-motor-vehicle-fees-and-reimbursement-under~~
 6 ~~the-provisions-of-61-3-532-and-61-3-536~~, distributed to the
 7 county as payment in lieu of the property taxation
 8 established by the county levy required by this section; and

9 (f) net proceeds taxes for new production, as defined
 10 in 15-23-601; and

11 (g) anticipated revenue from vehicle property taxes
 12 imposed under 61-3-504(2)."

13 Section 17. Section 20-9-333, MCA, is amended to read:

14 "20-9-333. Basic special levy and other revenues for
 15 county equalization of high school district foundation
 16 program. (1) It shall be the duty of the county
 17 commissioners of each county to levy an annual basic special
 18 tax for high schools of 17 mills on the dollar of the
 19 taxable value of all taxable property within the county,
 20 except for vehicles subject to taxation under 61-3-504(2),
 21 for the purposes of local and state foundation program
 22 support. The revenue to be collected from this levy shall
 23 be apportioned to the support of the foundation programs of
 24 high school districts in the county and to the state special
 25 revenue fund, state equalization aid account, in the

1 following manner:

2 (a) In order to determine the amount of revenue raised
3 by this levy which is retained by the county, the estimated
4 revenues identified in subsections (2)(a) and (2)(b) below
5 shall be subtracted from the sum of the county's high school
6 tuition obligation and the total of the foundation programs
7 of all high school districts of the county.

8 (b) If the basic levy prescribed by this section
9 produces more revenue than is required to finance the
10 difference determined above, the county treasurer shall
11 remit the surplus to the state treasurer for deposit to the
12 state special revenue fund, state equalization aid account,
13 immediately upon occurrence of a surplus balance and each
14 subsequent month thereafter, with any final remittance due
15 no later than June 20 of the fiscal year for which the levy
16 has been set.

17 (2) The proceeds realized from the county's portion of
18 the levy prescribed in this section and the revenues from
19 the following sources shall be used for the equalization of
20 the high school district foundation programs of the county
21 as prescribed in 20-9-334, and a separate accounting shall
22 be kept of these proceeds by the county treasurer in
23 accordance with 20-9-212(1):

24 (a) any money remaining at the end of the immediately
25 preceding school fiscal year in the county treasurer's

1 accounts for the various sources of revenue established in
2 this section;

3 (b) any federal or state moneys, ~~including anticipated~~
4 ~~or-reappropriated-motor-vehicle-fees-and-reimbursement-under~~
5 ~~the--provisions-of-61-3-532-and-61-3-536,~~ distributed to the
6 county as a payment in lieu of the property taxation
7 established by the county levy required by this section; and

8 (c) net proceeds taxes for new production, as defined
9 in 15-23-601; and

10 (d) anticipated revenue from vehicle property taxes
11 imposed under 61-3-504(2)."

12 Section 18. Section 20-9-352, MCA, is amended to read:

13 "20-9-352. Permissive amount and permissive levy. (1)
14 Whenever the trustees of any district shall deem it
15 necessary to adopt a general fund budget in excess of the
16 foundation program amount but not in excess of the maximum
17 general fund budget amount for such district as established
18 by the schedules in 20-9-316 through 20-9-321, the trustees
19 shall adopt a resolution stating the reasons and purposes
20 for exceeding the foundation program amount. Such excess
21 above the foundation program amount shall be known as the
22 "permissive amount", and it shall be financed by a levy, as
23 prescribed in 20-9-141, on the taxable value of all taxable
24 property within the district, ~~as--prescribed--in--20-9-141~~
25 except for vehicles subject to taxation under 61-3-504(2),

1 supplemented with any biennial appropriation by the
2 legislature for this purpose. The proceeds of such an
3 appropriation shall be deposited to the state special
4 revenue fund, permissive account.

5 (2) The district levies to be set for the purpose of
6 funding the permissive amount are determined as follows:

7 (a) For each elementary school district, the county
8 commissioners shall annually set a levy not exceeding 6
9 mills on all the taxable property in the district, except
10 for vehicles subject to taxation under 61-3-504(2), for the
11 purpose of funding the permissive amount of the district.

12 The permissive levy in mills shall be obtained by
13 multiplying the ratio of the permissive amount to the
14 maximum permissive amount by 6 or by using the number of
15 mills which would fund the permissive amount, whichever is
16 less. If the amount of revenue raised by this levy, plus
17 ~~anticipated or--reappropriated--motor--vehicle---fees---and~~
18 ~~reimbursement-under-the-provisions-of-61-3-532-and-61-3-536,~~
19 revenue from vehicle property taxes imposed under
20 61-3-504(2), is not sufficient to fund the permissive amount
21 in full, the amount of the deficiency shall be paid to the
22 district from the state special revenue fund according to
23 the provisions of subsections (3) and (4) of this section.

24 (b) For each high school district, the county
25 commissioners shall annually set a levy not exceeding 4

1 mills on all taxable property in the district, except for
2 vehicles subject to taxation under 61-3-504(2), for the
3 purpose of funding the permissive amount of the district.
4 The permissive levy in mills shall be obtained by
5 multiplying the ratio of the permissive levy to the maximum
6 permissive amount by 4 or by using the number of mills which
7 would fund the permissive amount, whichever is less. If the
8 amount of revenue raised by this levy, plus anticipated
9 ~~motor-vehicle-fees-and-reimbursement-under-the-provisions-of~~
10 ~~61-3-532-and-61-3-536,~~ revenue from vehicle property taxes
11 imposed under 61-3-504(2), and plus net proceeds taxes for
12 new production, as defined in 15-23-601, is not sufficient
13 to fund the permissive amount in full, the amount of the
14 deficiency shall be paid to the district from the state
15 special revenue fund according to the provisions of
16 subsections (3) and (4) of this section.

17 (3) The superintendent of public instruction shall, if
18 the appropriation by the legislature for the permissive
19 account for the biennium is insufficient, request the budget
20 director to submit a request for a supplemental
21 appropriation in the second year of the biennium. The
22 supplemental appropriation shall provide enough revenue to
23 fund the permissive deficiency of the elementary and high
24 school districts of the state. The proceeds of this
25 appropriation shall be deposited to the state special

1 revenue fund, permissive account, and shall be distributed
2 to the elementary and high school districts in accordance
3 with their entitlements as determined by the superintendent
4 of public instruction according to the provisions of
5 subsections (1) and (2) of this section.

6 (4) Distribution under this section from the state
7 special revenue fund shall be made in two payments. The
8 first payment shall be made at the same time as the first
9 distribution of state equalization aid is made after January
10 1 of the fiscal year. The second payment shall be made at
11 the same time as the last payment of state equalization aid
12 is made for the fiscal year. If the appropriation is not
13 sufficient to finance the deficiencies of the districts as
14 determined according to subsection (2), each district will
15 receive the same percentage of its deficiency. Surplus
16 revenue in the second year of the biennium may be used to
17 reduce the appropriation required for the next succeeding
18 biennium or may be transferred to the state equalization aid
19 state special revenue fund if revenues in that fund are
20 insufficient to meet foundation program requirements."

21 Section 19. Section 20-9-501, MCA, is amended to read:

22 "20-9-501. Retirement fund. (1) The trustees of any
23 district employing personnel who are members of the
24 teachers' retirement system or the public employees'
25 retirement system or who are covered by unemployment

1 insurance or who are covered by any federal social security
2 system requiring employer contributions shall establish a
3 retirement fund for the purposes of budgeting and paying the
4 employer's contributions to such systems. The district's
5 contribution for each employee who is a member of the
6 teachers' retirement system shall be calculated in
7 accordance with Title 19, chapter 4, part 6. The district's
8 contribution for each employee who is a member of the public
9 employees' retirement system shall be calculated in
10 accordance with 19-3-801. The district may levy a special
11 tax to pay its contribution to the public employees'
12 retirement system under the conditions prescribed in
13 19-3-204. The district's contributions for each employee
14 covered by any federal social security system shall be paid
15 in accordance with federal law and regulation. The
16 district's contribution for each employee who is covered by
17 unemployment insurance shall be paid in accordance with
18 Title 39, chapter 51, part 11.

19 (2) The trustees of any district required to make a
20 contribution to any such system shall include in the
21 retirement fund of the preliminary budget the estimated
22 amount of the employer's contribution and such additional
23 moneys, within legal limitations, as they may wish to
24 provide for the retirement fund cash reserve. After the
25 final retirement fund budget has been adopted, the trustees

1 shall pay the employer contributions to such systems in
2 accordance with the financial administration provisions of
3 this title.

4 (3) When the final retirement fund budget has been
5 adopted, the county superintendent shall establish the levy
6 requirement by:

7 (a) determining the sum of the moneys available to
8 reduce the retirement fund levy requirement by adding:

9 (i) any anticipated moneys that may be realized in the
10 retirement fund during the ensuing school fiscal year,
11 including anticipated ~~motor-vehicle-fees-and-reimbursement~~
12 under-the-provisions-of-61-3-532-and-61-3-536 revenue from
13 vehicle property taxes imposed under 61-3-504(2);

14 (ii) net proceeds taxes for new production, as defined
15 in 15-23-601; and

16 (iii) any cash available for reappropriation as
17 determined by subtracting the amount of the end-of-the-year
18 cash balance earmarked as the retirement fund cash reserve
19 for the ensuing school fiscal year by the trustees from the
20 end-of-the-year cash balance in the retirement fund. The
21 retirement fund cash reserve shall not be more than 35% of
22 the final retirement fund budget for the ensuing school
23 fiscal year and shall be used for the purpose of paying
24 retirement fund warrants issued by the district under the
25 final retirement fund budget.

1 (b) subtracting the total of the moneys available for
2 reduction of the levy requirement as determined in
3 subsection (3)(a) from the budgeted amount for expenditures
4 in the final retirement fund budget.

5 (4) The county superintendent shall total the net
6 retirement fund levy requirements separately for all
7 elementary school districts, all high school districts, and
8 all community college districts of the county, including any
9 prorated joint district or special education cooperative
10 agreement levy requirements, and shall report each such levy
11 requirement to the county commissioners on the second Monday
12 of August as the respective county levy requirements for
13 elementary district, high school district, and community
14 college district retirement funds. The county commissioners
15 shall fix and set such county levy in accordance with
16 20-9-142.

17 (5) The net retirement fund levy requirement for a
18 joint elementary district or a joint high school district
19 shall be prorated to each county in which a part of such
20 district is located in the same proportion as the district
21 ANB of the joint district is distributed by pupil residence
22 in each such county. The county superintendents of the
23 counties affected shall jointly determine the net retirement
24 fund levy requirement for each county as provided in
25 20-9-151.

(6) The net retirement fund levy requirement for districts that are members of special education cooperative agreements shall be prorated to each county in which such district is located in the same proportion as the budget for the special education cooperative agreement of the district bears to the total budget of the cooperative. The county superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each county in the same manner as provided in 20-9-151 and fix and levy the net retirement fund levy for each county in the same manner as provided in 20-9-152."

Section 20. Section 20-10-144, MCA, is amended to read:

"20-10-144. Computation of revenues and net tax levy requirements for the transportation fund budget. Before the fourth Monday of July and in accordance with 20-9-123, the county superintendent shall compute the revenue available to finance the transportation fund budget of each district. The county superintendent shall compute the revenue for each district on the following basis:

(1) The "schedule amount" of the preliminary budget expenditures that is derived from the rate schedules in 20-10-141 and 20-10-142 shall be determined by adding the following amounts:

(a) the sum of the maximum reimbursable expenditures

for all approved school bus routes maintained by the district (to determine the maximum reimbursable expenditure, multiply the applicable rate per bus mile by the total number of miles to be traveled during the ensuing school fiscal year on each bus route approved by the county transportation committee and maintained by such district); plus

(b) the total of all individual transportation per diem reimbursement rates for such district as determined from the contracts submitted by the district multiplied by the number of pupil-instruction days scheduled for the ensuing school attendance year; plus

(c) any estimated costs for supervised home study or supervised correspondence study for the ensuing school fiscal year; plus

(d) the amount budgeted on the preliminary budget for the contingency amount permitted in 20-10-143, except if such amount exceeds 10% of the total of subsections (1)(a), (1)(b), and (1)(c) or \$100, whichever is larger, the contingency amount on the preliminary budget shall be reduced to such limitation amount and used in this determination of the schedule amount.

(2) The schedule amount determined in subsection (1) or the total preliminary transportation fund budget, whichever is smaller, shall be divided by 3 and the

1 resulting one-third amount shall be used to determine the
2 available state and county revenue to be budgeted on the
3 following basis:

4 (a) the resulting one-third amount shall be the
5 budgeted state transportation reimbursement, except that the
6 state transportation reimbursement for the transportation of
7 special education pupils under the provisions of 20-7-442
8 shall be two-thirds of the schedule amount attributed to the
9 transportation of special education pupils;

10 (b) the resulting one-third amount, except as provided
11 for joint elementary districts in subsection (2)(e), shall
12 be the budgeted county transportation reimbursement for
13 elementary districts and shall be financed by the basic
14 county tax under the provisions of 20-9-334;

15 (c) the resulting one-third amount multiplied by 2
16 shall be the budgeted county transportation reimbursement
17 amount for high school districts financed under the
18 provisions of subsection (5) of this section, except as
19 provided for joint high school districts in subsection
20 (2)(e), and except that the county transportation
21 reimbursement for the transportation of special education
22 pupils under the provisions of 20-7-442 shall be one-third
23 of the schedule amount attributed to the transportation of
24 special education pupils;

25 (d) when the district has a sufficient amount of cash

1 for reappropriation and other sources of district revenue,
2 as determined in subsection (3), to reduce the total
3 district obligation for financing to zero, any remaining
4 amount of such district revenue and cash reappropriated
5 shall be used to reduce the county financing obligation in
6 subsections (2)(b) or (2)(c) and, if such county financing
7 obligations are reduced to zero, to reduce the state
8 financial obligation in subsection (2)(a); and

9 (e) the county revenue requirement for a joint
10 district, after the application of any district moneys under
11 subsection (2)(d) above, shall be prorated to each county
12 incorporated by the joint district in the same proportion as
13 the ANB of the joint district is distributed by pupil
14 residence in each such county.

15 (3) The total of the moneys available for the
16 reduction of property tax on the district for the
17 transportation fund shall be determined by totaling:

18 (a) anticipated federal moneys received under the
19 provisions of Title I of Public Law 81-874 or other
20 anticipated federal moneys received in lieu of such federal
21 act; plus

22 (b) anticipated payments from other districts for
23 providing school bus transportation services for such
24 district; plus

25 (c) anticipated payments from a parent or guardian for

1 providing school bus transportation services for his child;
2 plus

3 (d) anticipated interest to be earned by the
4 investment of transportation fund cash in accordance with
5 the provisions of 20-9-213(4); plus

6 (e) anticipated ~~motor--vehicle-fees-and-reimbursement~~
7 under-the-provisions-of-61-3-532-and-61-3-536 revenue from
8 vehicle property taxes imposed under 61-3-504(2); plus

9 (f) net proceeds taxes for new production, as defined
10 in 15-23-601; plus

11 (g) any other revenue anticipated by the trustees to
12 be earned during the ensuing school fiscal year which may be
13 used to finance the transportation fund; plus

14 (h) any cash available for reappropriation as
15 determined by subtracting the amount of the end-of-the-year
16 cash balance earmarked as the transportation fund cash
17 reserve for the ensuing school fiscal year by the trustees
18 from the end-of-the-year cash balance in the transportation
19 fund. Such cash reserve shall not be more than 20% of the
20 final transportation fund budget for the ensuing school
21 fiscal year and shall be for the purpose of paying
22 transportation fund warrants issued by the district under
23 the final transportation fund budget.

24 (4) The district levy requirement for each district's
25 transportation fund shall be computed by:

1 (a) subtracting the schedule amount calculated in
2 subsection (1) from the total preliminary transportation
3 budget amount and, for an elementary district, adding such
4 difference to the district obligation to finance one-third
5 of the schedule amount as determined in subsection (2); and

6 (b) subtracting the amount of moneys available to
7 reduce the property tax on the district, as determined in
8 subsection (3), from the amount determined in subsection
9 (4)(a) above.

10 (5) The county levy requirement for the financing of
11 the county transportation reimbursement to high school
12 districts shall be computed by adding all such requirements
13 for all the high school districts of the county, including
14 the county's obligation for reimbursements in joint high
15 school districts.

16 (6) The transportation fund levy requirements
17 determined in subsection (4) for each district and in
18 subsection (5) for the county shall be reported to the
19 county commissioners on the second Monday of August by the
20 county superintendent as the transportation fund levy
21 requirements for the district and for the county, and such
22 levies shall be made by the county commissioners in
23 accordance with 20-9-142."

24 Section 21. Section 61-1-130, MCA, is amended to read:
25 "61-1-130. Motor home. "Motor home" as--used--in

61-3-521-and-61-3-522 means a self-propelled motor vehicle originally designed or permanently altered to provide temporary facilities for recreational, travel, or camping use."

Section 22. Section 61-1-131, MCA, is amended to read:

"61-1-131. Travel trailer. "Travel trailer" ~~as-used-in~~ 61-3-521--and--61-3-523 means a trailer 45 feet or less in length and 8 feet or less in width originally designed or permanently altered to provide temporary facilities for recreational, travel, or camping use and not used as a principal residence."

Section 23. Section 61-3-303, MCA, is amended to read:

"61-3-303. Application for registration. (1) Every owner of a motor vehicle operated or driven upon the public highways of this state shall for each motor vehicle owned, except as herein otherwise expressly provided, file or cause to be filed in the office of the county treasurer where the motor vehicle is owned or taxable an application for registration or reregistration upon a blank form to be prepared and furnished by the department. The application shall contain:

(a) name and address of owner, giving county, school district, and town or city within whose corporate limits the motor vehicle is taxable, if taxable, or within whose corporate limits the owner's residence is located if the

motor vehicle is not taxable;

(b) name and address of the holder of any security interest in the motor vehicle;

(c) description of motor vehicle, including make, year model, engine or serial number, manufacturer's model or letter, gross weight, type of body, and if truck, the rated capacity;

(d) in case of reregistration, the license number for the preceding year; and

(e) such other information as the department may require.

(2) A person who files an application for registration or reregistration of a motor vehicle, except of a mobile home as defined in 15-1-101(1), shall upon the filing of the application pay to the county treasurer:

(a) the registration fee, as provided in 61-3-311 and 61-3-321; and

(b) unless it has been previously paid:

(i) the personal property taxes assessed against the vehicle for the current year of registration and the immediately previous year; or

(ii) the new motor vehicle sales tax against the vehicle for the current year of registration, and/or the ~~license-fee-imposed-by-61-3-532--for--the--current--year--of~~ registration-and-the-immediately-previous-year;-or

~~{iii}-in-the-case-of-a-motorcycle,quadricycle,motor
home,travel-trailer,or-camper,the-fee-in-lieu-of-property
tax-for-the-current-year-of-registration,~~

(3) The application may not be accepted by the county treasurer unless the payments required by subsection (2) accompany the application. The county treasurer may not assess or collect taxes or fees for a period other than:

(a) the current year; and

(b) the immediately previous year, if the vehicle was not registered or operated on the highways of the state, regardless of the period of time since the vehicle was previously registered or operated.

(4) The county treasurer may make full and complete investigation of the tax status of the vehicle. Any applicant for registration or reregistration must submit proof from the tax or other appropriate records of the proper county at the request of the county treasurer."

Section 24. Section 61-3-332, MCA, is amended to read:

"61-3-332. Number plates. (1) Every motor vehicle which shall be driven upon the streets or highways of this state shall display both front and rear a number plate, bearing the distinctive number assigned such vehicle. Such number plate shall be in eight series: one series for owners of motorcars, one for owners of motor vehicles of the motorcycle or quadricycle type, one for trailers, one for

trucks, one for dealers in vehicles of the motorcycle or quadricycle type which shall bear the distinctive letters "MCD" or the letters "MC" and the word "DEALER", one for franchised dealers in new motorcars (including trucks and trailers) or new and used motorcars (including trucks and trailers) which shall bear the distinctive letter "D" or the word "DEALER", one for dealers in used motorcars only (including used trucks and trailers) which shall bear the distinctive letters "UD" or the letter "U" and the word "DEALER", and one for dealers in trailers and/or semitrailers (new or used) which shall bear the distinctive letters "DTR" or the letters "TR" and the word "DEALER". All such markings for the aforementioned kinds of dealers' plates shall be placed on the number plates assigned thereto in such position thereon as the department may designate.

(2) All number plates for motor vehicles shall be issued for a minimum period of 4 years, shall bear a distinctive marking, and shall be furnished by the state. In years when number plates are not issued, the department shall provide nonremovable stickers bearing appropriate registration numbers, which shall be affixed to the license plates in use.

(3) In the case of motorcars and trucks, plates shall be of metal 6 inches wide and 12 inches in length. The outline of the state of Montana shall be used as a

1 distinctive border on such license plates, and the word
2 "Montana" with the year shall be placed across the plates.
3 Such registration plates shall be treated with a
4 reflectorized background material according to
5 specifications prescribed by the department.

6 (4) The distinctive registration numbers shall begin
7 with a number one or with a letter-number combination such
8 as "A 1" or "AA 1", or any other similar combination of
9 letters and numbers. The distinctive registration number or
10 letter-number combination assigned to the vehicle shall
11 appear on the plate preceded by the number of the county and
12 appearing in horizontal order on the same horizontal
13 baseline, and the county number shall be separated from the
14 distinctive registration number by a separation mark unless
15 a letter-number combination is used. The dimensions of such
16 numerals and letters shall be determined by the department,
17 provided that all county and registration numbers shall be
18 of equal height.

19 (5) For the use of tax-exempt motor vehicles ~~that--are~~
20 ~~also--exempt--from-the-light-vehicle-license-fee-as-provided~~
21 ~~in--subsection--(2)(a)--of--61-3-532~~, in addition to the
22 markings herein provided, number plates shall have thereon
23 the following distinctive markings:

24 (a) For vehicles owned by the state the department may
25 designate the prefix number for the various state

1 departments, and all numbered plates issued to state
2 departments shall bear the words "State Owned" and no year
3 number will be indicated thereon as these numbered plates
4 will be of a permanent nature and will be replaced by the
5 department at such time when the physical condition of
6 numbered plates requires same.

7 (b) For vehicles owned by the counties,
8 municipalities, irrigation districts organized under the
9 laws of Montana and not operating for profit, and school
10 districts and used and operated by officials and employees
11 thereof in line of duty as such, and for vehicles on loan
12 from the United States government or the state of Montana,
13 to, or owned by, the civil air patrol and used and operated
14 by officials and employees thereof in the line of duty as
15 such, there shall be placed on the number plates assigned
16 thereto, in such position thereon as the department may
17 designate, the letter "X" or the word "EXEMPT". Distinctive
18 registration numbers for plates assigned to motor vehicles
19 of each of the counties in the state and those of the
20 municipalities and school districts situated within each of
21 said counties and those of the irrigation districts which
22 obtain plates within each county shall begin with number one
23 and be numbered consecutively.

24 (6) On all number plates assigned to motor vehicles of
25 the truck and trailer type, other than tax-exempt trucks

1 ~~that are also exempt from the light vehicle license fee as~~
 2 ~~provided in subsection (2)(a) of 61-3-532 and tax-exempt~~
 3 tax-exempt trailers, there shall appear the letter "T" or
 4 the word "TRUCK" for plates assigned to trucks and the
 5 letters "TR" or the word "TRAILER" for plates assigned to
 6 trailers and housetrailers. The letters "MC" or the word
 7 "CYCLE" shall appear for plates assigned to vehicles of the
 8 motorcycle or quadricycle type.

9 (7) Number plates issued to a passenger car, truck,
 10 trailer, or vehicle of the motorcycle or quadricycle type
 11 may be transferred only to a replacement passenger car,
 12 truck, trailer, or motorcycle or quadricycle-type vehicle.
 13 No registration or license fee may be assessed upon a
 14 transfer of a number plate under 61-3-317 and 61-3-335.

15 (8) For the purpose of this chapter, the several
 16 counties of the state shall be assigned numbers as follows:
 17 Silver Bow, 1; Cascade, 2; Yellowstone, 3; Missoula, 4;
 18 Lewis and Clark, 5; Gallatin, 6; Flathead, 7; Fergus, 8;
 19 Powder River, 9; Carbon, 10; Phillips, 11; Hill, 12;
 20 Ravalli, 13; Custer, 14; Lake, 15; Dawson, 16; Roosevelt,
 21 17; Beaverhead, 18; Chouteau, 19; Valley, 20; Toole, 21; Big
 22 Horn, 22; Musselshell, 23; Blaine, 24; Madison, 25; Pondera,
 23 26; Richland, 27; Powell, 28; Rosebud, 29; Deer Lodge, 30;
 24 Teton, 31; Stillwater, 32; Treasure, 33; Sheridan, 34;
 25 Sanders, 35; Judith Basin, 36; Daniels, 37; Glacier, 38;

1 Fallon, 39; Sweet Grass, 40; McCone, 41; Carter, 42;
 2 Broadwater, 43; Wheatland, 44; Prairie, 45; Granite, 46;
 3 Meagher, 47; Liberty, 48; Park, 49; Garfield, 50; Jefferson,
 4 51; Wibaux, 52; Golden Valley, 53; Mineral, 54; Petroleum,
 5 55; Lincoln, 56. Any new counties shall be assigned numbers
 6 by the department as they may be formed, beginning with the
 7 number 57."

8 Section 25. Section 61-3-431, MCA, is amended to read:
 9 "61-3-431. Special mobile equipment -- exemption from
 10 registration and payment of fees and charges --
 11 identification plate -- publicly owned special mobile
 12 equipment. (1) A person, firm, partnership, or corporation
 13 who owns, leases, or rents special mobile equipment as
 14 defined in 61-1-104 and occasionally moves that equipment
 15 on, over, or across the highways of the state is not subject
 16 to registration of that equipment or required to pay the
 17 fees and charges provided for in 61-3-502, 61-4-301 through
 18 61-4-308, or part 2 of chapter 10. Prior to movement on the
 19 highways, however, each piece of equipment shall display an
 20 equipment identification plate or a dealer's license plate
 21 attached to the equipment.

22 (2) Annual application for the identification plate
 23 shall be made to the county treasurer before any piece of
 24 equipment is moved on the highways. Application shall be
 25 made on a form furnished by the department of justice,

1 together with the payment of a fee of \$5. The equipment for
2 which a special mobile equipment plate is sought is subject
3 to the assessment of personal property taxes on the date
4 application is made for the plate. The personal property
5 taxes assessed against the special mobile equipment must be
6 paid before the issuance of a special mobile equipment
7 plate. The fees collected under this section belong to the
8 county road fund.

9 (3) The identification plate expires on December 31 of
10 each year. If the expired identification plate is displayed,
11 an owner of special mobile equipment registered under the
12 provisions of this section is entitled to operate the
13 equipment between January 1 and February 15 following
14 expiration without displaying the identification plate or
15 receipt of the current year.

16 (4) Publicly owned special mobile equipment and
17 implements of husbandry used exclusively by an owner in the
18 conduct of his own farming operations are exempt from this
19 section."

20 Section 26. Section 61-3-501, MCA, is amended to read:

21 "61-3-501. When vehicle taxes and fees are due. (1)
22 Property taxes, new car taxes, ~~light-vehicle--license--fees,~~
23 ~~and fees in-lieu-of-tax-on-a-motorcycle-quadracycle-motor~~
24 ~~home-or--travel--trailer~~ must be paid on the date of
25 registration or reregistration of the vehicle.

1 (2) If the anniversary date for reregistration of a
2 vehicle passes while the vehicle is owned and held for sale
3 by a licensed new or used car dealer, property taxes, ~~light~~
4 ~~vehicle-license-fees, or the fee-in-lieu-of--property--taxes~~
5 abate on such vehicle properly reported with the department
6 of revenue until the vehicle is sold and thereafter the
7 purchaser shall pay the pro rata balance of the taxes ~~or the~~
8 ~~fee-in-lieu-of-tax~~ due and owing on the vehicle.

9 (3) In the event a vehicle's registration period is
10 changed under 61-3-315, all taxes and other fees due thereon
11 shall be prorated and paid from the last day of the old
12 period until the first day of the new period in which the
13 vehicle shall be registered. Thereafter taxes and other fees
14 must be paid from the first day of the new period for a
15 minimum period of 1 year. When the change is to a later
16 registration period, taxes and fees shall be prorated and
17 paid based on the same tax year as the original registration
18 period. Thereafter, during the appropriate anniversary
19 registration period, each vehicle shall again register or
20 reregister and shall pay all taxes and fees due thereon for
21 a 12-month period."

22 Section 27. Section 61-3-502, MCA, is amended to read:

23 "61-3-502. Sales tax on new motor vehicles --
24 exemptions. (1) In consideration of the right to use the
25 highways of the state, there is imposed a tax upon all sales

1 of new motor vehicles for which a license is sought and an
2 original application for title is made. The tax shall be
3 paid by the purchaser when he applies for his original
4 Montana license through the county treasurer.

5 (2) Except as provided in subsection (4), the sales
6 tax shall be:

7 (a) 1 1/2% of the f.o.b. factory list price or f.o.b.
8 port-of-entry list price, during the first quarter of the
9 year or for a registration period other than a calendar year
10 or calendar quarter;

11 (b) 1 1/8% of the list price during the second quarter
12 of the year;

13 (c) 3/4 of 1% during the third quarter of the year;

14 (d) 3/8 of 1% during the fourth quarter of the year.

15 (3) If the manufacturer or importer fails to furnish
16 the f.o.b. factory list price or f.o.b. port-of-entry list
17 price, the department may use published price lists.

18 (4) The new car sales tax on vehicles subject to the
19 provisions of 61-3-313 through 61-3-316 is 1 1/2% of the
20 f.o.b. factory list price or f.o.b. port-of-entry list price
21 regardless of the month in which the new vehicle is
22 purchased.

23 (5) The proceeds from this tax shall be remitted to
24 the state treasurer every 30 days for credit to the state
25 highway account of the state special revenue fund.

1 (6) The new vehicle ~~is subject to the light vehicle~~
2 ~~license fee, if applicable, but~~ is not subject to any other
3 ~~assessment, taxation, or fee in lieu of tax~~ or tax during
4 the calendar year in which the original application for
5 title is made.

6 (7) (a) The applicant for original registration of any
7 new and unused motor vehicle, or a new motor vehicle
8 furnished without charge by a dealer to a school district
9 for use as a traffic education motor vehicle by a school
10 district operating a state-approved traffic education
11 program within the state, whether or not previously licensed
12 or titled to the school district (except a mobile home as
13 defined in 15-1-101(1)), acquired by original contract after
14 January 1 of any year, is required, whenever the vehicle has
15 not been otherwise assessed, to pay the motor vehicle sales
16 tax provided by this section irrespective of whether the
17 vehicle was in the state of Montana on January 1 of the
18 year.

19 (b) No motor vehicle may be registered or licensed
20 under the provisions of this subsection unless the
21 application for registration is accompanied by a statement
22 of origin to be furnished by the dealer selling the vehicle,
23 showing that the vehicle has not previously been registered
24 or owned, except as otherwise provided herein, by any
25 person, firm, corporation, or association that is not a new

motor vehicle dealer holding a franchise or distribution agreement from a new car manufacturer, distributor, or importer.

(8) (a) Motor vehicles operating exclusively for transportation of persons for hire within the limits of incorporated cities or towns and within 15 miles from such limits are exempt from subsection (1).

(b) Motor vehicles brought or driven into Montana by a nonresident, migratory, bona fide agricultural worker temporarily employed in agricultural work in this state where those motor vehicles are used exclusively for transportation of agricultural workers are also exempt from subsection (1).

(c) Vehicles lawfully displaying a licensed dealer's plate as provided in 61-4-103 are exempt from subsection (1) when moving to or from a dealer's place of business when unloaded or loaded with dealer's property only, and in the case of vehicles having a gross loaded weight of less than 24,000 pounds, while being demonstrated in the course of the dealer's business."

Section 28. Section 61-3-503, MCA, is amended to read:

"61-3-503. Assessment. (1) Except as provided in subsection (2), the following apply to the taxation of motor vehicles:

(a) Except as provided in subsection subsections

(1)(c) through (1)(e), a person who files an application for registration or reregistration of a motor vehicle shall before filing such application with the county treasurer submit the application to the county assessor. The county assessor shall enter on the application in a space to be provided for that purpose the market value and taxable value of the vehicle as of January 1 of the year for which the application for registration is made.

(b) Except as provided in subsection (1)(c), motor vehicles are assessed for taxes on January 1 in each year irrespective of the time fixed by law for the assessment of other classes of personal property and irrespective of whether the levy and tax may be a lien upon real property within the state. In no event may any motor vehicle be subject to assessment, levy, and taxation more than once in each year.

(c) Vehicles subject to the provisions of 61-3-313 through 61-3-316 shall be assessed by the county treasurer as of the first day of the registration period, using the market average trade-in, or wholesale, value as of January 1 of the year of assessment of the vehicle as contained in the most recent volume of the Mountain States Edition of the National Automobile Dealers Association (N.A.D.A.) Official Used Car Guide or of the National Edition of N.A.D.A. Appraisal Guides Official Older Used Car Guide, not

including additions or deductions for options and mileage; and a lien for taxes and fees due thereon shall occur on the anniversary date of the registration and shall continue until such fees and taxes have been paid.

(d) Motorcycles, quadricycles, motor homes, travel trailers, and campers shall be assessed by the county treasurer, using the greater of the following:

(i) \$1,000; or

(ii) the average trade-in, or wholesale, value as of January 1 of the year of assessment of the vehicle as contained in the most recent volume of the applicable National Edition of the N.A.D.A. Motorcycle/Moped/ATV Appraisal Guide or N.A.D.A. Recreational Vehicle Appraisal Guide, not including additions or deductions for options and mileage.

(e) If a vehicle assessed under subsection (1)(c) or (1)(d) is not originally listed in the applicable N.A.D.A. guide, the county treasurer shall depreciate the original f.o.b. factory list price or f.o.b. port-of-entry list price at the rate of 10% a year until a minimum value of \$1,000 is attained, and the value shall remain at that amount so long as the vehicle is registered. When a vehicle is no longer listed in the applicable N.A.D.A. guide, the county treasurer shall depreciate the value of the vehicle at the rate of 10% a year until a minimum amount of \$1,000

is attained, and the value shall remain at that amount so long as the vehicle is registered. If the treasurer is unable to determine the original f.o.b. list price or the proper N.A.D.A. value for a motor vehicle, the assessor shall determine the value.

(2) The provisions of subsections (1)(a) through ~~(1)(c)~~ (1)(e) do not apply to automobiles and trucks having a rated capacity of three-quarters of a ton or less, motorcycles, quadricycles, motor homes, travel trailers, or mobile homes as defined in 15-1-101(1)."

Section 29. Section 61-3-504, MCA, is amended to read:

"61-3-504. Computation of tax. (1) The amount of taxes on a motor vehicle, other than an automobile, truck having a rated capacity of three-quarters of a ton or less, motorcycle, quadricycle, motor home, travel trailer, camper, or mobile home as defined in 15-1-101(1), is computed and determined by the county treasurer on the basis of the levy of the year preceding the current year of application for registration or reregistration.

(2) The amount of tax on an automobile or truck having a rated capacity of three-quarters of a ton or less and on a motorcycle, quadricycle, motor home, travel trailer, or camper is determined by the county treasurer and is based on 2.5% of the value determined under 61-3-503.

(3) The determination For all motor vehicles, the

1 amount of tax is entered on the application form in a space
2 provided therefor."

3 Section 30. Section 61-3-506, MCA, is amended to read:

4 "61-3-506. Rules. The department of revenue shall
5 adopt rules for the payment of property taxes and fees in
6 lieu of property taxes and the department of highways shall
7 adopt rules for the payment of new car taxes under the
8 provisions of 61-3-313 through 61-3-316 and 61-3-501. The
9 department of revenue may adopt rules for the proration of
10 taxes and fees in lieu of taxes for the implementation and
11 administration of 61-3-313 through 61-3-316 and 61-3-501,
12 but shall specifically provide that new car taxes shall be
13 for a 12-month period."

14 Section 31. Section 61-3-509, MCA, is amended to read:

15 "61-3-509. (Temporary) Disposition of taxes and fees
16 in lieu of tax. (1) Except as provided in subsections
17 subsection (2) and ~~{3}~~, the county treasurer shall credit
18 all taxes on motor vehicles, ~~light vehicle license fees~~
19 ~~provided for in 61-3-532, and fees in lieu of tax on~~
20 ~~motorcycles, quadricycles, motor homes, and travel trailers~~
21 collected under 61-3-504 to a motor vehicle suspense fund,
22 and at some time between March 1 and March 10 of each year
23 and every 60 days thereafter, the county treasurer shall
24 distribute the money in the motor vehicle suspense fund in
25 the relative proportions required by the levies for state,

1 county, school district, and municipal purposes in the same
2 manner as personal property taxes are distributed.

3 (2) The county treasurer shall credit the fee for
4 district courts ~~from each light vehicle license fee provided~~
5 ~~for in 61-3-533~~ to a separate suspense account and shall
6 forward the amount in the account to the state treasurer at
7 the time the county treasurer distributes the motor vehicle
8 suspense fund. The state treasurer shall credit amounts
9 received under this subsection to the general fund to be
10 used for purposes of state funding of the district court
11 expenses enumerated in 3-5-901.

12 ~~{3}--The county treasurer shall credit each block grant~~
13 ~~fee to a separate suspense fund. At the time he distributes~~
14 ~~the motor vehicle suspense fund, the treasurer shall~~
15 ~~distribute the suspense fund provided for in this subsection~~
16 ~~to the state treasurer for deposit in the local government~~
17 ~~block grant account provided for in 7-6-302. The funds~~
18 ~~distributed pursuant to this subsection must be used for the~~
19 ~~local government block grant program as provided in 7-6-304.~~

20 61-3-509. (Effective July 1, 1987) Disposition of
21 taxes and fees in lieu of tax. The (1) Except as provided
22 in subsection (2), the county treasurer shall credit all
23 taxes on motor vehicles, ~~light vehicle license fees provided~~
24 ~~for in 61-3-532, and fees in lieu of tax on motorcycles,~~
25 ~~quadricycles, motor homes, and travel trailers~~ collected

under 61-3-504 to a motor vehicle suspense fund, and at some time between March 1 and March 10 of each year and every 60 days thereafter, the county treasurer shall distribute the money in the motor vehicle suspense fund in the relative proportions required by the levies for state, county, school district, and municipal purposes in the same manner as personal property taxes are distributed.

(2) The county treasurer shall credit the fee for district courts provided for in 61-3-533 to a separate suspense account and shall forward the amount in the account to the state treasurer at the time the county treasurer distributes the motor vehicle suspense fund. The state treasurer shall credit amounts received under this subsection to the general fund to be used for purposes of state funding of the district court expenses enumerated in 3-5-901."

Section 32. Section 61-3-524, MCA, is amended to read:

"61-3-524. Fee-paid Tax-paid decal required on camper -- application for decal -- application fee -- issuance. (1) No camper, subject to taxation in Montana, may be operated by any person on the public highways or streets in this state unless there is displayed in a conspicuous place thereon a decal as visual proof that the ~~fee-in-lieu-of~~ tax has been paid thereon for the current year.

(2) Application for the issuance of the decal shall be

made to the department of revenue or the county treasurer upon forms to be furnished for this purpose, which may be obtained from the department or at the county treasurer's office in the county wherein the owner resides, and is to provide for substantially the following information:

- (a) name of owner;
- (b) address;
- (c) name of manufacturer;
- (d) model number;
- (e) make;
- (f) year of manufacture;
- (g) statement evidencing payment of the ~~fee-in-lieu-of~~ property tax; and
- (h) such other information as the department may require.

(3) The application must be signed by the county treasurer and transmitted by him to the department accompanied by an application fee of \$1. Upon receipt of the application in approved form the department or county treasurer shall issue to the applicant a decal in the style and design prescribed by the department and of a different color than the preceding year, numbered numerically."

Section 33. Section 61-3-531, MCA, is amended to read:

"61-3-531. Light vehicle-fee vehicles -- definitions. As used in 61-3-531--through--61-3-536 61-3-533 through

1 61-3-535, the following definitions apply:

2 (1) "Light vehicle" means an automobile or a truck
3 having a rated capacity of three-quarters of a ton or less.

4 (2) "Vehicle age" means the difference between the
5 calendar year of the first day of the registration period
6 and the manufacturer's designated model year."

7 Section 34. Section 61-3-533, MCA, is amended to read:

8 "61-3-533. (Temporary) Schedule-of-fees District court
9 fee for automobiles-and-light-trucks vehicles. ~~{1}-Except-as~~
10 ~~provided--in--subsection--{3},--the~~ The following schedule,
11 based on vehicle age and weight, is used to determine the a
12 district court fee imposed-by-61-3-532:

Vehicle Age	Weight	Weight		Weight		Weight	
		More		More		More	
	2,850	Block	District	Than	Block	District	
	Pounds	Grant	Court	2,850	Grant	Court	
	or-less	Fee	Fee	Pounds	Fee	Fee	
Less than							
or equal							
to 4							
years	\$70	\$6	\$7	\$90	\$7-50	\$7	
More than 4							
years and							
less than							
8 years	40	3	5	50	4	5	

1 8 years old

2 and over 10 1-50 2.50 15 2 2-50

3 ~~{2}--{a}--The--fee-for-a-light-vehicle-is-determined-by-~~

4 ~~{1}--multiplying-the-appropriate-dollar-amount-from-the~~

5 ~~table-in-subsection-{1},--but-not-the-block-grant-fee-or--the~~

6 ~~district--court--fee,--by-the-ratio-of-the-PER-for-the-second~~

7 ~~quarter-of-the-year-prior-to-the-year-of--licensing--to--the~~

8 ~~PER-for-the-second-quarter-of-1981;--and~~

9 ~~{11}--rounding--the-product-thus-obtained-to-the-nearest~~

10 ~~whole-dollar-amount;~~

11 ~~{b}--"PER"--means--the--implicit--price--deflator--for~~

12 ~~personal--consumption-expenditures-as-published-quarterly-in~~

13 ~~the-Survey-of-Current-Business-by--the--bureau--of--economic~~

14 ~~analysis-of-the-United-States-department-of-commerce;~~

15 ~~{3}--The--light--vehicle--license--fee--for--disabled~~

16 ~~veterans-qualifying-under-the-provisions-of-61-3-451-through~~

17 ~~61-3-455-is-\$87-with-\$3-of-the-fee--earmarked--for--district~~

18 ~~courts;~~

19 61-3-533. (Effective July 1, 1987) Schedule-of-fees

20 District court fee for automobiles--and--light--trucks

21 vehicles. ~~{1}-Except-as-provided-in-subsection-{3},--the~~ The

22 following schedule, based on vehicle age and weight, is used

23 to determine the a district court fee imposed--by--61-3-532:

Vehicle Age	Weight	District Court Fee
	2,850-Pounds	More-Than

1 or-less 2,850-Pounds
 2 Less than or equal to 4 years \$70 \$7 \$90
 3 More than 4 years and less 40 5 50
 4 than 8 years
 5 8 years old and over 10 2.50 15
 6 (2)--(a)--The--fee--for--a--light--vehicle--is--determined--by--
 7 (i)--multiplying--the--appropriate--dollar--amount--from--the
 8 table--in--subsection--(1)--by--the--ratio--of--the--PEB--for--the
 9 second--quarter--of--the--year--prior--to--the--year--of--licensing--to
 10 the--PEB--for--the--second--quarter--of--1981--and
 11 (ii)--rounding--the--product--thus--obtained--to--the--nearest
 12 whole--dollar--amount--
 13 (b)--"PEB"--means--the--implicit--price--deflator---for
 14 personal--consumption--expenditures--as--published--quarterly--in
 15 the--Survey--of--Current--Business--by--the--bureau--of--economic
 16 analysis--of--the--United--States--department--of--commerce--
 17 (3)--The---light---vehicle---license---fee---for---disabled
 18 veterans--qualifying--under--the--provisions--of--61-3-451--through
 19 61-3-455--is--\$5--"
 20 Section 35. Section 61-3-534, MCA, is amended to read:
 21 "61-3-534. Payment of fee property tax required for
 22 operation. (1) No light vehicle subject to the fee imposed
 23 by 61-3-532 a property tax may be operated unless the fee
 24 tax has been paid and the vehicle is licensed.
 25 (2) A properly licensed and registered light vehicle

1 may be operated within Montana, subject to all applicable
 2 federal, state, and local laws."
 3 Section 36. Section 61-3-535, MCA, is amended to read:
 4 "61-3-535. ~~Eight--vehicle~~ Vehicle reregistration by
 5 mail. (1) The department shall develop a procedure to permit
 6 the reregistration of light vehicles and other vehicles
 7 subject to tax under 61-3-504(2) with the county treasurer
 8 by mail at the option of the owner of the vehicle. The
 9 option to reregister by mail need only be made available for
 10 vehicles registered at the close of the expiring
 11 registration period in the name of the applicant for
 12 reregistration.
 13 (2) The form to be returned to the county treasurer by
 14 the applicant, with the appropriate tax and fees, is to
 15 contain a statement, to be subscribed to by the applicant,
 16 stating compliance with the financial liability requirements
 17 of 61-6-301.
 18 (3)--The--procedure--for--mail--reregistration--must--be--in
 19 effect--by--January--17--1982--
 20 (4)(3) The department may adopt rules to implement the
 21 mail reregistration procedure."
 22 Section 37. Section 61-3-701, MCA, is amended to read:
 23 "61-3-701. Foreign vehicles used in gainful occupation
 24 to be registered -- reciprocity. (1) Before any foreign
 25 licensed motor vehicle may be operated on the highways of

1 this state for hire, compensation, or profit or before the
 2 owner and/or user thereof uses the vehicle if such owner
 3 and/or user is engaged in gainful occupation or business
 4 enterprise in the state, including highway work, the owner
 5 of the vehicle shall make application to a county treasurer
 6 for registration upon an application form furnished by the
 7 department. Upon satisfactory evidence of ownership
 8 submitted to the county treasurer and the payment of
 9 property taxes, if appropriate, as required by 15-8-201,
 10 15-8-202, or 15-24-301, or 61-3-504 ~~or the payment of the~~
 11 ~~light-vehicle-license-fee-as-provided-by-61-3-532-or-the-fee~~
 12 ~~in-lieu-of-tax-as-provided-by-61-3-541~~, the treasurer shall
 13 accept the application for registration and shall collect
 14 the regular license fee required for the vehicle.

15 (2) The treasurer shall thereupon issue to the
 16 applicant a copy of the certificate entitled "Owner's
 17 Certificate of Registration and Payment Receipt" and forward
 18 a duplicate copy of the certificate to the department. The
 19 treasurer shall at the same time issue to the applicant the
 20 proper license plates or other identification markers, which
 21 shall at all times be displayed upon the vehicle when
 22 operated or driven upon roads and highways of this state
 23 during the period of the life of the license.

24 (3) The registration receipt shall not constitute
 25 evidence of ownership but shall be used only for

1 registration purposes. No Montana certificate of ownership
 2 shall be issued for this type of registration.

3 (4) This section is not applicable to any vehicle
 4 covered by a valid and existing reciprocal agreement or
 5 declaration entered into under the provisions of the laws of
 6 Montana."

7 Section 38. Section 61-6-302, MCA, is amended to read:

8 "61-6-302. Proof of compliance. (1) Except as provided
 9 in subsection (2), before any applicant required to register
 10 his motor vehicle may do so, the applicant must certify to
 11 the county treasurer that he possesses an automobile
 12 liability insurance policy, a certificate of self-insurance,
 13 or a posted indemnity bond or that he is eligible for an
 14 exemption under 61-6-303 covering the motor vehicle. The
 15 certification shall be on a form prescribed by the
 16 department. The department may immediately cancel the
 17 registration and license plates of the vehicle upon
 18 notification that the insurance certification was not
 19 correctly represented. Any person who intentionally provides
 20 false information on an insurance certification is guilty of
 21 unsworn falsification to authorities, punishable as provided
 22 in 45-7-203.

23 (2) An applicant for registration of ~~an-automobile-or~~
 24 ~~a-truck-having-a-rated-capacity-of-three-quarters-of-a-ton~~
 25 ~~or-less~~, a motor vehicle who wishes to register the vehicle

1 by mail must sign a statement on the application stating
2 that the applicant is in compliance with the financial
3 liability requirements of 61-6-301.

4 (3) An owner of a motor vehicle who ceases to maintain
5 the insurance or bond required or whose certificate of
6 self-insurance is canceled or whose vehicle ceases to be
7 exempt shall immediately surrender the registration and
8 license plates for the vehicle to the county treasurer for
9 delivery to the department and may not operate or permit
10 operation of the vehicle in Montana until insurance has
11 again been furnished as required and the vehicle is again
12 registered and licensed.

13 (4) Every person shall carry in a motor vehicle being
14 operated by him an insurance card approved by the department
15 but issued by the insurance carrier to the motor vehicle
16 owner as proof of compliance with 61-6-301. A motor vehicle
17 operator shall exhibit the insurance card upon demand of a
18 justice of the peace, a city or municipal judge, a peace
19 officer, a highway patrolman, or a field deputy or inspector
20 of the department. However, no person charged with violating
21 this subsection may be convicted if he produces in court or
22 the office of the arresting officer proof of insurance valid
23 at the time of his arrest."

24 NEW SECTION. Section 39. Disposition of oil severance
25 tax revenue. Any amount that is received after July 1, 1987,

1 from oil severance revenues for any payment period ending
2 before July 1, 1987, and is deposited in the local
3 government block grant account must be distributed pursuant
4 to Title 7, chapter 6, part 3, as that part read prior to
5 July 1, 1987.

6 NEW SECTION. Section 40. Repealer. Sections 7-6-301
7 through 7-6-309, 61-3-521 through 61-3-523, 61-3-532,
8 61-3-536, 61-3-541, and 61-3-542, MCA, are repealed.

9 NEW SECTION. Section 41. Extension of authority. Any
10 existing authority of the department of revenue, the
11 department of justice, or the department of commerce to make
12 rules on the subject of the provisions of this act is
13 extended to the provisions of this act.

14 NEW SECTION. Section 42. Effective date --
15 applicability. This act is effective on passage and approval
16 and applies to motor vehicles registered on or after July 1,
17 1987.

-End-

In compliance with a written request, there is hereby submitted a Fiscal Note for SB200, as introduced.
FISCAL INFORMATION

DESCRIPTION OF PROPOSED LEGISLATION:

An Act to replace the fee in lieu of tax on light vehicles, motorcycles, quadricycles, motor homes, travel trailers, and campers with a property tax, and providing an immediate effective date and an applicability date.

ASSUMPTIONS:

1. The taxable value of light motor vehicles in Montana in 1982 was \$185,422,083.
2. The average taxable value for light motor vehicles in 1982 was \$301.514.
3. The average retail market value of a light motor vehicle in 1982 was \$27,319.34 (average taxable divided by 13 percent class-line tax rate).
4. Inflated to January, 1986, using Consumer Price Index for used cars Dec. 1981 = 284.3; Dec. 1985 = 369.7), the average retail market value of a light motor vehicle in Montana is \$3016. It is assumed that the average value increases by 2 percent each year into the future, yielding average values of \$3,076 for FY88 and \$3,133 for FY89 (avg. increase Dec. 1981 to Dec. 1985 was 7.5%, but values have declined in the last year).
5. There will be 677,386 light motor vehicles licensed in FY88 and 689,165 in FY89 (REAC).
6. The market value of light motor vehicles in Montana will be \$2,083,639,000 in FY88 and \$2,162,600,000 in FY89.
7. Average trade-in value is 30% of average retail value (2% effective tax rate).
8. The following age/weight distributions apply to FY88 and FY89 (REAC).

	FY88		FY89	
	Under 2850 lbs.	Over 2850 lbs.	Under 2850 lbs.	Over 2850 lbs.
Age				
Less Than 4 Yrs.	83,011	98,774	84,454	100,491
4 to 8 Yrs.	53,185	91,491	54,110	93,082
Over 8 Yrs.	69,263	281,662	70,468	286,560

9. The market value of motor homes, travel trailers, and campers subject to property tax in 1979 (the last year of the property tax) was \$61,460,800.
10. It is assumed that the market value of motor homes, travel trailers and campers in the state has increased 20 percent, to \$73,753,000 since 1979 due to growth in numbers and average values.
11. The market value of motorcycles and quadricycles in 1985 was \$17,543,852. This level is assumed to apply to FY88 and FY89.

DAVID L. HUNTER, BUDGET DIRECTOR
Office of Budget and Program Planning
DATE 1/21/87
ED SMITH, PRIMARY SPONSOR
Fiscal Note for SB200, as introduced.

SB200

- 12. Based on the number of vehicles and the time necessary for assessments, an additional 48 (Grade 7, Step 2) clerks would be required to assess motor vehicles at the time of registration. Forms and manuals would cost \$25,000. The proposal places responsibility on the county treasurers, however, assessors would actually value the motor vehicles.
- 13. One-third of the oil severance tax proceeds will be \$6,404,000 in FY88 and \$6,940,000 in FY89 (REAC).
- 14. There will be no general fund appropriation for the block grant program in the biennium. Both the block grant fee and the district court fee are sunsetted for the end of this fiscal year.
- 15. Mill levies are 6 mills for the university levy, 45 mills for the foundation program and local levies average 251 mills in FY88 and 264 mills in FY89 (REAC).
- 16. The Block Grant program will not be fully funded by a general fund appropriation.

FISCAL IMPACT:

Revenue Impact:

	FY88			FY89		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Additional General Fund						
Oil Severance Tax*	\$ 0	\$ 6,404,000	\$ 6,404,000	\$ 0	\$ 6,940,000	\$ 6,940,000
District Court Fees	0	2,873,000	2,873,000	0	2,923,000	2,923,000
Light Vehicle Fees	33,567,000	0	(33,567,000)	36,252,000	0	(36,252,000)
Block Grant Program	6,404,000	0	(6,404,000)	6,940,000	0	(6,940,000)
Light Vehicle						
Property Tax	0	41,672,787	41,672,787	0	43,251,995	43,251,995
Trailer Property Tax	0	1,475,000	1,475,000	0	1,475,000	1,475,000
Motorcycle Property Tax	0	350,900	350,900	0	350,900	350,900
Trailer Flat Fees	Not Avail.	0	(Not Avail.)	Not Avail.	0	(Not Avail.)
Motorcycle Flat Fees	Not Avail.	0	(Not Avail.)	Not Avail.	0	(Not Avail.)
Total Revenue	\$39,971,000	\$52,775,687	\$12,804,687	\$43,192,000	\$54,940,895	\$11,748,895

Expenditure Impact:

Department of Justice	\$ 0	\$ 61,460	\$ 61,460	\$ 0	\$ 61,460	\$ 61,460
Department of Revenue	0	824,200	824,200	0	824,200	824,200
Total Expenditures	\$ 0	\$ 885,660	\$ 885,660	\$ 0	\$ 885,660	\$ 885,660

<u>Net Effect</u>	\$39,971,000	\$51,890,027	\$11,919,027	\$43,192,000	\$54,055,235	\$10,863,235
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Fund Information:

General Fund	\$	0	\$ 8,391,340	\$ 8,391,340	\$	0	\$ 8,977,340	\$ 8,977,340
Property Taxes/Block Grant/Fees:								
University Levy	\$	795,263	\$ 865,450	\$ 70,187	\$	824,967	\$ 860,988	\$ 36,021
Foundation Program	\$	5,964,872	\$ 6,491,309	\$ 526,437	\$	6,187,729	\$ 6,457,904	\$ 270,175
Other Taxing Jurisdictions	\$	33,210,865	\$36,141,928	\$ 2,931,063	\$	36,179,304	\$37,759,003	\$ 1,579,699

- * The proposal diverts oil severance tax collections from the block grant program to the general fund. This change in allocation is shown as a revenue impact to balance with the revenue impact with the fund distribution table.

EFFECT ON LOCAL GOVERNMENT REVENUES:

The impact on local government revenues is shown in the fund distribution above.

TECHNICAL OR MECHANICAL DEFECTS IN PROPOSED LEGISLATION OR CONFLICTS WITH EXISTING LEGISLATION:

Section 39 would require of one quarter's oil severance tax to be received September 1, 1987 to be distributed to the local government block grant which is repealed effective June 30, 1987. It would appear that the correct effective date in Section 39 should be April 1, 1987.

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

January 30, 1987

The twelfth meeting of the Senate Taxation Committee was called to order at 8:00 A.M. on January 30, 1987 by Chairman George McCallum in Room 413/415 of the Capitol Building.

ROLL CALL: All committee members were present.

CONSIDERATION OF SB 200: Senator Smith, Senate District 10, presented this bill to the committee. He said with the financial situation the state is in, the legislature is obligated to balance the state budget. We are operating with a \$27 million deficit this year and the legislature has not even addressed that issue. He was not in agreement with putting the fee system that is used now, in place in 1981, as it is not fair; everybody that owns property should be taxed fairly. When we put the present system in place there was a surplus of severance tax money in the general fund and they shared the wealth. The legislature did take vehicles out of the tax base and implemented the fee system and set up block grant programs from the oil revenue. Cities, counties and school districts would be fully funded from the block grant program. Presently the block grant program is \$21 million in debt. If the legislature can come up with \$21 million to keep the block grant program, then kill the bill. He said this bill will put a 2-1/2% tax on the wholesale value of vehicles. That is much better treatment than other property, they are getting taxed on the millage within individual counties. On new vehicles the person would get a 25% reduction the first year and then the second year the 2 1/2% would be implemented.

PROPOSERS: A. R. Hagens, City Commissioner, Great Falls, gave testimony in support of this bill. He said the issue of local government financing is one which the cities and counties have been struggling with for several years. In Great Falls they have reduced the number of employees in the past 10 years by 24% and have automated, mechanized and computerized, but good management has not been enough to offset the continued erosion of their tax base. With the passage of SB 200 one piece of the puzzle could be in place, an equitable means of taxation.

Toni Hagens, Montana Association of Counties, gave testimony in support of this bill. He said he could not emphasize enough how important this bill is to local governments. It is absolutely necessary to make up for the losses to local government from the flat fee system over the past few years. MACO has worked hard to come up with a workable compromise, one that would correct the inequity, provide the needed funding for local government and free money for the state. We have no other sources, we have made cuts and are almost at the point where it is impossible to make further cuts and carry out our responsibilities. The revenue from this bill is desperately needed.

Ray White, Commissioner, Gallatin County, gave testimony in support of this bill. He said the fee system has not been adequate or equitable. The block coming from the state is distributed within the counties among the various taxing jurisdictions. These jurisdictions eventually constitute a percentage. Some districts have ended up with less of the grant block money and some have ended up with more. This bill will distribute the money in a fair manner based on wherever that vehicle is located. After reading the bill, he would ask that the reference to county treasurer, concerning assessing, be changed to county assessor. It is the duty of the county assessor to do the assessing and the treasurer would not want to get into that field. This will give more money to operate with and take the responsibility away from the legislature to fund the block grant program.

Dennis Flich, Commissioner, representing the city of Billings, gave testimony in support of this bill. He said Billings has grown in terms of population over the past several years. We cannot absorb further reductions in revenue without serious implications. He said we are below the 70% level on reductions and at a situation in which we will be forced to cut back essential job services to our residents unless SB 200 is passed.

Don Peoples, Butte, gave testimony in support of this bill. He said we will have a 50% decrease in our budget this year if something is not done. If SB 200 is put in place, there will be some possible chance of growth in the future. We are still concerned that the revenue losses will be substantial but this at least cuts our losses.

Alec Hansen, Montana League of Cities and Towns, gave testimony in support of this bill. He said our organization has identified this bill as our principal priority this legislative session. The block grant program can't be fixe

and needs to be replaced and this bill will do the job. This bill is a simple, direct taxing system. Vehicles will be taxed on their value and the tax is in no way connected with the mill levy. He said this is not a new idea, this is a law that has been applied in several other states.

Phil Campbell, Montana Education Association, gave testimony in support of this bill. He said almost 60% of the money at the local level is for schools. This bill will help considerably in that light.

Gordon Morris, Executive Director, Montana Association of Counties, gave testimony in support of this bill. He said there are a lot of people here in support of this bill and he would just like to go on record in support of this bill.

Dick Michelotti, Cascade County Treasurer, gave testimony in support of this bill. He said with the Department of Justice making changes in their new computer programs for motor vehicles, the NADA manual can be incorporated in our system now.

Marian Olson, Montana Assessors Association, gave testimony in support of this bill. She said they support this bill but request that it be amended to have the assessors doing the assessment of the motor vehicles instead of the county treasurers.

Allen Jacobsen, Flathead County Commissioner, gave testimony in support of this bill. He said in looking at this bill about 58% of the money is to go to schools, 21% to the counties, 13.5% to the cities, 4.9% for other tax jurisdictions and the balance of 2.6% to the state. He would like to point out, when budgeting on the local level, about 60% of the money that is spent is spent for education on the local level. This is a progressive tax and he feels very strongly that a progressive tax is needed with motor vehicles.

Cort Harrington, Montana County Treasurers Association, gave testimony in support of this bill. A copy of his testimony, with proposed amendments, is attached as Exhibit 1.

Fritz Tossberg, Chairman, Ravalli County Board of Commissioners, stood in support of this bill.

Ray Hargin, Lake County Commissioner, stood in support of this bill.

Carol Mosher, Montana Cattlemen and Montana Stockgrowers, stood in support of this bill.

Gloria Paladiovick, Richland County Treasurer, gave testimony in support of this bill. She said taxpayers don't mind paying a tax as long as it is fair. The system we are presently under is not fair.

Jim Halverson, Commissioner, Roosevelt County, gave testimony in support of this bill. He said this bill intends to do away with the block grant program which the state can no longer afford to fund.

Attached as Exhibit 2 is an information sheet from the Montana Association of Counties.

OPPONENTS: Donald R. Tuttle, a Montana Good Sam member, gave testimony in opposition to this bill. A copy of his testimony is attached as Exhibit 3.

Lloyd Anderson, East Helena, gave testimony in opposition to this bill. He said we don't mind paying taxes if it is fair. Right now less than 1% of the RV owners in Lewis and Clark County go out of state to license their rigs. If the tax gets too high for these retired people, they will just go out of state to license their vehicles.

Frank Schledorin, State Manager, Holiday Rambler RV Club, gave testimony in opposition to this bill. His statement is attached as Exhibit 4.

Ben Vaughn gave testimony in opposition to this bill. He said he has a motor home and the average number of days that an RV is used in the United States is 25 days per year. He does not agree with this increase for RV's because most of the owners are retired people on a fixed income. Many people in the state benefit from RV use, service stations, gas stations and the trailer parks for these vehicles throughout the state. Usually an RV only gets 5 or 6 miles to the gallon. He feels that they are adequate where they are in paying taxes.

Keith Anderson, Montana Taxpayers Association, gave testimony in opposition to this bill. He furnished the committee with a clipping from the Independent Record concerning the fees paid currently. See attached Exhibit 5. He said this does not put motor vehicles back

into the tax base, it is just simply a method comparable to the fee schedule now. He questioned who would pay more or less in taxes as far as this bill is concerned. Essentially people who drive medium or larger cars will have an increase in taxes. With the economics of the automobile industry as it is, he does not think the legislature should establish incentives for people to buy smaller cars. A motor home valued at \$25,070 and taxed like a residence would be taxed \$407.00. Under this bill the tax would be \$627.00 for that motor home. The taxes on residential property of the same value, using an average mill levy of the 9 largest cities and towns in Montana, would be 62% higher under this bill. He thinks this bill will result in a loss of sales in Montana.

Tom Harrison, Montana Automobile Association and Montana Automobile Dealers Association, gave testimony in opposition to this bill. He said this bill, combined with the gas tax passed in the House, will amount to an increase of \$35 million to be placed on the motoring public. This is equivalent to a 10% income surcharge without addressing an income tax increase. He does not think that is addressing the message of I-105.

Richard Llewellyn, Montana Manufacturers Housing Association, gave testimony in opposition to this bill. He said the people who own, buy and use recreational vehicles, are the people who can least afford to pay a major tax increase. Our industry study shows these people are of a medium age of 55 and are retired people on a fixed income. They could very easily license these vehicles in the state of Oregon or the state of Arizona for \$99 or less.

Representative Norm Wallin, House District 78, gave testimony in opposition to this bill. He has been a member of the Montana Automobile Association since 1946. During those years the association worked for many causes, better roads, uniform dealer licensing laws and a uniform automobile fees system. In 1981 the legislature passed legislation and the mechanics of that legislation has worked very well. The system we have now is simple and easy to compute the fee.

George Swords, representing the Montana Housing RV Industry, gave testimony in opposition to this bill. He said RV's are used an average of 21-25 days per year and for that reason he does not think it is fair to tax them in the same category as cars. He thinks this would be an excessive tax increase.

Greg Groepper, Administrator, Property Assessment Division, Department of Revenue, said he did not have a position on this bill but he does have some technical comments. He agrees with the people who testified concerning changing the assessing responsibility from the County Treasurer in the bill to County Assessor. Obviously this will cost some money to start this procedure and they would be willing to work with the committee and the Department of Justice. He is not sure if the fiscal note addresses the July 1 start up date. If this starts this year he would need more NADA books and there would be a supplemental needed.

QUESTIONS FROM THE COMMITTEE: Senator Eck said she noticed a couple of people referred to the records and the system of the Department of Justice. She asked Larry Majerus to explain.

Larry Majerus said they did some research in anticipation of this bill to determine what could be done with their renewal notice system. The Department of Justice has on tape a table that could be incorporated into the present motor vehicle system. This tape would read the VIN number and would give the appropriate value and that would be multiplied by 2-1/2%. There is some difficulty with the July 1st date in incorporating that into our system. Also, they anticipate they would only be able to do about 80% of vehicles. To his knowledge, the RV's and motorcycles are not yet available on tape. You can only get those in the used car guide.

Senator Severson said he did not think in drafting this bill that there was any intention of increasing the amount of money received in revenue by this tax. He thinks the 2-1/2% was pulled out of the air in relation to a similar bill during the special session that was 2% of retail and that would bring in about the same amount of money. According to the way he reads the fiscal note, he sees an increase in revenue of \$11.7 million. He thinks we need something that is revenue neutral. He thinks the purpose of this bill is to bring about a fairer collection of taxes as far as vehicles are concerned as a straight percentage of what that vehicle is worth.

Greg Groepper said he could certainly come back to the committee with a figure that is closer to revenue neutral.

Senator Severson said they should look at the bill before the percentage is changed.

Senator Smith closed by stating this bill isn't what he wants to do but what the legislature has to do. The RV owners stated they only used their motor homes a few days during the year. He purchased a new baler and paid a lot more tax on his baler than they pay on an RV and was not able to use that baler one whole year because of the drought.

Hearing closed on SB 200.

FURTHER CONSIDERATION OF SB 45: Ward A. Shanahan presented testimony furnished by Roncor, Inc., in opposition to SB 45. This testimony is attached as Exhibit 6.

Mary Bielenberg, Hamilton, Montana, gave testimony in opposition to this bill. A copy of her testimony is attached as Exhibit 7.

Meryn Righdel, Eldorado Sapphire Mine, gave testimony in opposition to this bill. A copy of his testimony is attached as Exhibit 8.

Grace Hess, Gem Mountain Sapphire Mine, gave testimony in opposition to this bill. A copy of her testimony is attached as Exhibit 9.

Russell Thompson, Castles Sapphire Mine and Gold Fever Rock Shop in Helena, gave testimony in opposition to this bill. A copy of his testimony is attached as Exhibit 10.

Senator Williams closed.

ADJOURNMENT: The meeting adjourned at 10:00 A.M.


SENATOR McCALLUM, Chairman

ah

TAXATION

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 1-30-87

NAME	PRESENT	ABSENT	EXCUSED
SENATOR CRIPPEN	✓		
SENATOR NEUMAN	✓		
SENATOR SEVERSON	✓		
SENATOR LYBECK	✓		
SENATOR HAGER	✓		
SENATOR MAZUREK	✓		
SENATOR ECK	✓		
SENATOR BROWN	✓		
SENATOR HIRSCH	✓		
SENATOR BISHOP	✓		
SENATOR HALLIGAN, VICE CHAIRMAN	✓		
SENATOR McCALLUM, CHAIRMAN	✓		

Each day attach to minutes.

DATE 1-20-87

COMMITTEE ON *Senate Taxation*

SB200/SB45

(Please leave prepared statement with Secretary)

DATE January 30, 1987COMMITTEE ON Senate Taxation

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Ray Engels	Mt. Chamber of Commerce	200		✓
Ray White	Y.H. Co. Comm.	200	✓	
Marian Olsen	Mt. Assessor Assoc.	200	✓	
Bob Sleed	MMHA	200		✓
John Walther	City Columbia Falls	200	✓	
Allen A. Jorgensen	Flat County Comm.	200	✓	
Howard Allen	" " "	200	✓	
A. R. (Toni) Aspin	MACO	200	✓	
Lois M. Mether	Mt. Stockgrowers Mt. Cattle Women	200	✓	
Janet Jessup	City of Helena	200	✓	
Al Sturken	" " "	200		✓
Connie Daniels	Anaconda / Deer Lodge Co.			
BEN DIXON	" " "			
JEFF MOTHERSHEAD	GALLATIN CO.	200		
RAMONA TOW	City of GLASGOW	200	✓	
Wilmer Zeller	City of Glasgow	200	✓	
Jane Jelenki	Gallatin Co.	200	✓	
Ken Schenck	HELENA	200	✓	✓
Dale Krenzel	Helena	200		
Tracy Lohberg	HAMILTON	200	✓	
Gene Higdon	HELENA			✓
Don Paege	Bull	200	✓	
Alice Huns	M.L.C.T.	200	✓	
Novell Anderson	Mt. Dept of Commerce			
SIMY MANION	Mt. AUTO ASSOCIATION	200		✓
Ann Mary Huns	MAIO - Missoula Co.	200	✓	

(Please leave prepared statement with Secretary)

DATE: January 30, 1987

SB 200 Senate Taxation

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Nora Wallin	Med. Auto Shop	200		X
and P. Jindell	Good Sams	200		X
Berny Reynolds	Elaborate Supply Store	45		X
and W. J. J. J. J.	Ho			
and Steven	Ron Cor	45		X
Keith Anderson	Mon Tax	200		X
Vary D. J. J. J.	myself	#45		X
in Hess	Gen Mountain	#45		X
and Hess	Gen Mountain	#45		X
and Hess	Johnson Jewelers	#45		X
and Hess	Treasure State Trading	#45		X
and Hess	my SELF	#45		X
and Hess	Gold Fever Rock shop	#45		X

SENATE BILL 200
TESTIMONY OF MONTANA COUNTY TREASURER'S ASSOCIATION

Senate Bill 200 provides that the County Treasurers shall assess the motor vehicles.

Assessing property is not traditionally one of the duties of the County Treasurer. Section 7-6-2111, MCA, sets forth the duties of the County Treasurer. Those duties include among other things, the duty to collect money belonging to the county, or to collect money as directed by law on behalf of other taxing jurisdictions. The County Treasurer deposits money collected into the appropriate account and generally keeps track of the amount collected and the amount dispersed. The duty of assessing property on the other hand has traditionally been with the county assessor.

The County Treasurers Association fails to understand the rationale for deviating from this past practice concerning the assessment of property, and therefore, objects to the deviation.

Another concern of the County Treasurers, apart from the objection to being assigned a duty that traditionally has been exercised by another county official, is Article VIII, Section 3, of the Montana Constitution. That Section provides,

The State shall appraise, assess, and equalize the valuation of all property which is to be taxed in the manner provided by law.

In order to comply with the constitutional requirement that the assessment take place on the state level, the Legislature provided that the county assessor is an agent of the Department of Revenue. This bill does not provide that County Treasurers are agents of any state agency. The bill therefore has constitutional problems which could be eliminated by returning the duty of assessing the property to the county assessor or by making County Treasurers agents of the state. The County Treasurers Association would strongly object to any attempts to make them agents of the state.

SENATE TAXATION

EXHIBIT NO. 1

DATE 1-30-87

BILL NO. SB-200

For that reason the County Treasurers Association would propose an amendment to Senate Bill 200 as follows:

1. Page 11, lines 14,
after: "or the county"
strike: "treasurer",
insert: "assessor (or Department of Justice)"

2. Page 62, line 18,
following: "by the county"
strike: "treasurer",
insert: "assessor (or Department of Justice)"

3. Page 63, line 7,
following: line 6,
strike: "treasurer",
insert: "assessor (or Department of Justice)".

4. Page 63, line 18,
following: "the county",
strike: "treasurer",
insert: "assessor (or Department of Justice)".

5. Page 63, line 24,
following: "county",
strike: "treasurer",
insert: "assessor (or Department of Justice)".

6. Page 64, line 2,
following: "the vehicle is registered",
strike through line 5.

7. Section 36 deals with vehicle registration by mail. It may be appropriate to amend Section 36 to require the Department to assess the vehicle.

The County Treasurers Association will work with the sponsor, the committee, and the committee's staff in preparing any additional amendments to address the County Treasurers' concerns.

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CA 100000

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MONTANA ASSOCIATION OF COUNTIES

1802 11th Avenue
Helena, Montana 59601
(406) 442-5209

SB 200 - REPLACE VEHICLE FEE SYSTEM

When vehicles were on the tax rolls, before 1982, they were assessed considerably more than they are currently on a flat fee basis.

The loss of tax revenue for, or to, local governments just from 1981 to 1982 was \$27,105,792. The Local Government Block Grant program replaced approximately \$16,500,000, resulting in a net loss of \$10,605,792 in the first year of the change over. This situation has continued.

COMPARISON: FLAT FEE SYSTEM/BLOCK GRANT TO AD VALOREM SYSTEM

A. 1987 Flat Fee Estimated Collections	\$ 28,405,235
1987 Fully Funded LGBG	<u>\$ 17,875,000</u>

TOTAL	\$ 46,280,235
-------	---------------

B. 1987 Vehicle Fleet - Estimated Value	\$2,083,639,000
Assumed taxable value @ 13%	270,873,070

Revenue Generated @ 256 mills	\$ 69,343,506
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Conclusion: If vehicles were still on the Ad Valorem system, schools, cities and towns, counties and other taxing jurisdictions would share \$ 69,343,506 compared to funding as set forth in A \$ 46,280,235 resulting in:
Loss to local governments of \$ 23,063,271

Using the assumptions in B, and applying the tax recommended under SB 200 the following would apply:

Market value fleet	\$ 2,083,639,000
Average trade-in value at 80%	\$ 1,666,911,200
2.5% tax	41,672,787
Compared to current flat fee	28,405,235
Increase on vehicles	13,167,552

MACo

SENATE TAXATION

EXHIBIT NO. 2

DATE 1-30-87

BILL NO. SB-200

DATE 1-30-87BILL NO. SB-200

Montana Mr. Chairman and Members of the Taxation Committee

~~Don Tuttle~~ ~~for~~ MT. STATE DIR MT. G. S.

I'm here ~~to~~ Representing 3500 members in the STATE

I'm here to speak against SB-200

1. 75% of These members ARE RETIRED. And many of These ARE on fixed income
2. These People have worked for many years to obtain these Recreational Veh. so they can enjoy this way of life. In Mt. they can only use the Veh for 5- to 6 mo.
3. This bill would in many cases ~~will~~ triple or more the Cost of Licensing of these Veh.
4. In ~~my~~ Case I have checked ^{The wholesale Value} ~~my 1985 motor home~~ and it will cost me \$600 more than I'm paying now.
5. And if this bill is passed. It ~~might~~ Probably force retired people to seek Licensing out of state. I feel the present fee is a just way of Licensing Veh.
6. A The Good Sams OVER The years HAS The State save money. By Chearing up Camp Grds every year before they open for the camping season. Members TAKE a week-end to Sand + Paint Tables - Benches and Biffeyes - ALSO repair what is needed to repair. And also Volunteer for Camp Grd. Heat
- B They help Fish + Game surviving People that Float + Fish on Rivers in the STATE. Some members even pick up

Low Bergstrom Registration
Success Will Not Fail

With our members doing this work. we save the state some money. If we didn't do this work. The state would have to people do it. and that would cost money.

- C. Also the Good Sam sponsor the law enforcement touch Run for Special Olympics.

We used our motor homes last year. Traveling across Montana at 8 miles p.h. we spent money out of our pockets for gas. We was glad to do it. And we are going to do it again this yr.

- D. I'm telling you this to let you know that the Good ~~Sam~~ does more than just go camping. And that we are here to help people that needs help.

- E. Now we are asking the Taxation Committee to help us. we are saying please reject this bill.

- F. I want to thank you for listening to me.
May you have a nice day and God bless you.

NAME: FRANK J. SCHLEDORN DATE: JAN. 30 - 1987

ADDRESS: 1208 - No. 8th Ave Bismarck Mt.

PHONE: (406) 587-4197

REPRESENTING WHOM? Holiday Rambler Rec. Vehicle Club

APPEARING ON WHICH PROPOSAL: SB #208

DO YOU: SUPPORT? AMEND? OPPOSE? X

COMMENTS: Represent approx 70 Holiday Rambler vehicle
owners in Mt. Many members out-of-state for
winter travel - These owners in state wish to express
their concern about a potential 4-fold increase in
cost of registration for a part-time use vehicle.
High mileage cost vehicles that pay a lot of gas taxes
when operated. Retirees on fixed incomes that
travel out-of-state much of the time.

Owner will have to explore options - Sell the
unit - Look at alternatives to Mt. State Registration
Unit tax the RV business out of business
Ask the Legislature to also look at alternatives to
increased property tax

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Did not have time to prepare statement

Get copy of bill @ 4:30 yesterday

SENATE TAXATION

EXHIBIT NO. 4

DATE 1-30-87

BILL NO. SB-200

REMINDER VEHICLE OWNERS VEHICLE FEE SCHEDULE FOR 1987 RE-REGISTRATIONS ONLY

SENATE TAXATION

EXHIBIT NO. 5

DATE 1-30-87

BILL NO SB-200

MONTANA LAW REQUIRES ALL VEHICLES TO CARRY LIABILITY INSURANCE

Registration of your vehicle is determined by year and weight

	(028) UNDER 2850 Lbs.	(030) OVER 2851 Lbs.	
PASSENGER CARS			
1987 to 1983	\$105.50	\$136.00	
1982 to 1980	63.50	82.50	
1979 and Older	23.50	35.00	
MOTORCYCLES	UNDER 200cc	201cc to 749cc	750cc & over
1987 to 1985	\$20.00	\$44.00	\$84.00
1984 to 1981	12.00	24.00	44.00
1980 and Older	8.00	14.00	24.00

SNOWMOBILES

TRAVEL TRAILERS

1987 to 1985	\$24.50	1987 to 1985	\$44.00
1984 and Older	17.50	1984 and Older	19.00

MOTOR HOMES

ALL ARE OVERWEIGHT

1986	\$212.50
1985	192.50
1984	157.50
1983	112.50
1982	87.50
1981	62.50
1980	37.50
1979 and Older	27.50

TRUCKS

	(028) UNDER 2850 Lbs.	(030) 6M GVW OVER 2851 Lbs.	8M GVW 10,000
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1987 to 1983	\$118.00	\$143.50	\$148.50
1982 to 1980	76.00	90.00	95.00
1979 and Older	36.00	42.50	47.50

If your Vehicle is a pickup under (1) Ton it is also taxed under the flat fee system. All trucks are required by state law to carry Gross Vehicle Weight (GVW). 6000 lbs. is the minimum GVW. Add \$10.00 for all 10,000 lbs. GVW.

OWNER'S CERTIFICATE OF REGISTRATION AND PAYMENT RECEIPT

Current Plate 05-0000	Year 85	Type PC	Make FORD	Model THUR	Style 2D	Color RED
EXPIRATION DATE 12/31/86	Vehicle Ident/Motor No. JH11275896340		Title Number K8743			
Tab No. 4678	Gas (1) Diesel (2) LPG (3) 1	Equip No.	Uniting Wt. 030	Tons W/Etc.		
Registered Owner's Name and Address James & Betty Doe # 4 Main St. Helena Mt. 59601						
Lienholder's Name and Address			Lien Amount			
Val'd by	Market Value	Taxable Val	School Dist #	Mill Levy	Co	
	Flat Fee		1		5	
Treas or Dep 1	Signature of Registered Owner					
Date Issued 1/4/86	OUT-OF-STATE REGISTRATION INFORMATION: Title No. State Zip					
Legal Domicile REGISTRAR'S COPY MONTANA						

GVW LICENSE CLASS	
100%	75%
55%	25%
SCH 3	
GROSS WT	Lbs
EXPIRES	
FEES PAID	
GVW Fee	
New Use Tax	
M.V. Fee	109.00
Co Tax	7.00/7.50
Reg Fee	10.00/2.00
Title	
Junk Vehicle	.50
FW & P	
Co Total	136.00
Title	
Lien	
Peris Plate	
Dup Plate	
TOTAL	136.00

PLEASE RETURN YOUR BLUE OR GREEN RECEIPT WITH YOUR CHECK

* Your re-registration fee is due no later than 25 days from expiration date. An additional \$5.00 fee for all personalized license plates must be added to fees shown. If applying by mail, add 75 cents for postage and handling. Mail to Lewis and Clark County Treasurer, Motor Vehicle Department, P.O. Box 557, Helena, Montana 59624.

(Helena Independent Record)

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

February 11, 1987

The twenty-first meeting of the Senate Taxation Committee was called to order at 8:05 A.M. on February 11, 1987 by Chairman George McCallum in Room 413/415 of the Capitol Building.

ROLL CALL: All committee members were present with the exception of Senator Hager.

DISPOSITION OF SB 200: Senator Hirsch furnished the committee with the amendments attached as Exhibit 1, and explained that these were the easier of the amendments decided upon by the subcommittee dealing with changing the county treasurer as doing the assessing and inserting the assessor.

Senator Hirsch made a motion that these amendments be adopted. The motion carried.

Senator Hirsch said the bill neglected to keep the language in the bill which exempted disabled veterans and it was the thought from the subcommittee that we didn't want to tamper with that provision and to continue to extend that exemption to the disabled veterans. The amendments attached as Exhibit 2 provide for the continued exemption for disabled veterans.

Senator Hirsch made a motion that these amendments be adopted.

Senator Eck asked how a disabled veteran applies for a special license plate.

Jim Lear said 61-3-451 provides the provisions for a disabled veteran to obtain a special license plate. He read the statute to the committee.

Senator Hirsch's motion carried.

Senator Severson said we didn't discuss this in the subcommittee, it was discussed afterwards, and he also discussed this with Senator Smith; the bottom figure in the bill is \$1,000 on value and he feels that should be \$500. He would move that we amend the bill to provide the bottom figure on assessed value to be \$500 instead of \$1,000.

Senator Mazurek said his understanding is that the \$1,000 bottom line figure would assess \$25 and with this proposed amendment to \$500 they would pay \$12.50. This would apply to every vehicle that is more than 7 years old.

Senator Severson read subsection (e) on page 63, which provides "If a vehicle assessed under subsection (1)(c) or (1)(d) is not originally listed in the applicable NADA guide, the county treasurer shall depreciate the original FOB factory list price or FOB port-of-entry list price at the rate of 10% a year until a minimum value of \$1,000 is attained, and the value shall remain at that amount so long as the vehicle is registered. When a vehicle is no longer listed in the applicable NADA guide, the county treasurer shall depreciate the value of the vehicle at the rate of 10% a year until a minimum amount of \$1,000 is attained,".

Senator Eck does not think that \$25 is too bad for a minimum tax. We have a lot of good older cars that have substantial value.

Senator Neuman is in agreement with Senator Eck. Twenty five dollars should be a minimum.

Senator Severson said it isn't necessarily \$12.50, with the extra things that are added on it will still be a \$20 license.

Senator Severson's motion carried with Senators Lybeck, Neuman, Eck, Brown and Mazurek opposed and Senator Hager absent.

Senator Hirsch furnished the committee with a two page amendment to this bill, attached as Exhibit 3, and asked the committee to consider amendment #10. Amendment #10 strikes 2.5% of the wholesale value and inserts 2%. The subcommittee felt that 2.5% was too difficult to handle, particularly when you get into the higher valued vehicles. Senator Hirsch made a motion that amendment #10 be adopted.

Senator Lybeck asked if they were still going on the wholesale value.

Senator Hirsch said the subcommittee did not change the wholesale value.

Senator Severson said the 2% is basically revenue neutral.

Senator Mazurek would like to register opposition to the order in which these amendments have come. With the previous amendment this will reduce the minimum from \$15 to \$10.

Senator Hirsch apologized and said maybe we should have addressed the wholesale question of the 2% first.

Senator Mazurek said it has been suggested that 2% is basically a wash. He referred to the chart furnished to the committee, attached as Exhibit 4, and said that virtually every county will lose revenue. Where is the revenue neutrality when you have counties losing \$1.6 million, \$1.1 million, \$1.2 million, and do not have any county gaining or even staying close to even.

Dan Bucks said the revenue neutral rate for FY 88 is 1.93% and for FY 89 is 2.1%. In the chart that you are referring to for FY 88, 2% is slightly above the revenue neutral rate and FY 89 would reflect a slight revenue loss.

Senator Crippen asked if the subcommittee had done anything to handle the problem of the RV owners.

Senator Hirsch said we felt, when compared with farm machinery of equal value and equal usage, that given that comparison, we could not lower the RV owners rate.

Senator Crippen said what you are creating now is not a property tax rate, this is a fee. It is not going into the classification system. What happens if we get a bill in to eliminate property tax, or a bill that will greatly effect personal property tax. This is a fee and not going back to the ad valorem tax.

Senator McCallum is in agreement with Senator Crippen.

Jim Lear said it is called a tax.

Senator Severson said it certainly is in relationship to an ad valorem tax.

Senator Crippen asked if we were going to put it into a classification.

Jim Lear said it will be taxed under the motor vehicle title. It will not be assigned to a property classification in this bill but it is, none the less, an ad valorem tax.

Senator Crippen asked if this would fall under Senator Keating's bill which would eliminate all taxes on personal property.

Jim Lear said Senator Keating's bill wanted to address all property that had to be assessed. Under this bill assessment would still be required and this would be consistent to a repeal of taxes on this type of vehicle assessment.

Senator Eck said the RV owners may be able to assess their motor homes as a home.

Senator Halligan said couldn't we allow the percentage to be applied to recreational vehicles as .5%

Senator Severson said if you want to do that for farm equipment.

Senator Halligan asked how farm equipment can relate to recreational vehicles.

Senator Severson said it is something you own.

Senator Hirsch's motion that amendment #10 be adopted, carried 9-2. See attached roll call vote sheet.

Senator Hirsch said the rest of the amendments on Exhibit 3 will implement a local option vehicle tax. This allows another .5% to be imposed if the governing body of the county does adopt a resolution before July of the fiscal year, after conducting a public hearing on the proposed resolution. This is to help mitigate the impact to those counties on the attached sheet, furnished by MACO (Exhibit 4), who will experience a large impact on revenue.

Senator Hirsch would move the rest of the amendments on Exhibit 3.

Senator Crippen said this is for the counties that may lose revenue but it is not necessarily for those counties only. The other counties could use this option as well.

Senator Eck would like to see the local option restricted to the counties that have lost taxable value.

Senator Severson said he could not see any counties that are less with 2%.

Senator Mazurek said he thought that was basically correct. Assuming the estimates are correct, essentially the counties will be receiving the same as under the fee system. In looking at what we get from the flat fee and looking at what we would have received under the old ad valorem, there is a significant difference.

Senator Severson said if we used the old ad valorem there would be more money than is needed.

Senator Eck said she thought that when this bill was introduced during the special session, the purpose of it was to make up for what the counties weren't going to get from the block grant program. With this bill we are not doing anything for the counties at all.

Senator Hirsch said he is not certain what Senator Smith's purpose was in the special session. In talking with him he is not sure that his intent is the same as during the special session. This bill does solve the problem of inequity that was created under the flat fee system within the vehicle classifications. That is the purpose with this bill.

Senator Lybeck said he was in Whitefish recently with the Governor on the "Capitol for a Day" program. In talking with the county commissioners, they are very concerned on what the legislature might do to fund the counties on the block grant program. Are we saying, by our actions, that they will have to work it out as best they can.

Senator Severson said we are talking about what was and what now is not. Before the fee system cars were valued at 13% of taxable value. There is no question that a fee does three things -- (1) makes the big pay less, (2) the small pay more, and (3) the new pay less and the old pay more. Those most capable of paying pay less and those least capable of paying pay more. This 2% simplified ad valorem system, gets you back to paying on what you own.

Senator Crippen said in good times you probably are right, in these particular times he does not know who would be paying. He does not think anybody is making any money. The reason the fee system came into being was that taxes were too high.

Senator Hirsch's motion carried 9-2. See attached roll call vote sheet.

Senator Mazurek made a motion to reconsider the amendment previously adopted which would make the bottom figure on assessed value \$500. The motion carried with Senators Severson and Crippen opposed.

Senator Mazurek made a motion to reinsert the \$1,000 minimum on page 63, lines 8, 21 and 25.

Senator Severson said you are raising the person that is least able to pay. This may not be much to the committee members but he knows people that are not able to pay.

The motion carried with Senators Severson and Crippen opposed.

Senator Hirsch would move the bill DO PASS AS AMENDED. Senator Hirsch's motion carried 7-4. See attached roll call vote sheet.

DISPOSITION OF SB 162: Senator Mazurek furnished the committee with amendments to this bill, attached as Exhibit 5, and reviewed the amendments with the committee. He included an additional amendment to be inserted on page 28, line 6, to strike "by a utility".

Jim Lear explained that an amendment was omitted in the way of instruction. On page 27, line 22, following "free", insert "and clear", following "all", insert "liens and" and on page 27, line 23, strike "and clear of any and all claims". This would make the language consistent with what is used in real property transactions.

Senator Mazurek said this bill codifies the Attorney General Opinion that says once you become delinquent on your taxes you can't pay anything unless you pay everything that is owed. Amendment #10 and #11 say if a taxpayer is delinquent in his or her taxes, they can pay less than the full amount of the taxes due by paying all the penalty and interest up to the date of payment and if they want to pay one year back they can do that and the treasurer has to accept that payment. They can pay their obligation by paying the most recent taxes first so they don't get into the situation where someone is paying one year at a time but always is three years delinquent. This would allow a taxpayer to pay the current year plus one year back and eventually eliminate the delinquency, instead of paying all at one time. We are trying to balance the situation where somebody doesn't have to come up with all of his delinquent taxes at once, versus the situation where a taxpayer is always delinquent by three years. This will discourage that, but will not be as harsh as the law used to be. If you were three years delinquent and paid two years this year, and two years the next year; if you didn't go back and pay the first delinquent year, your property could still be sold.

Senator Neuman said if you still owe for a prior year, but are current for the last couple of years, could they still sell the property.

Senator Mazurek said that is a risk that a taxpayer will have to take. If he wants to hang onto his property he will have to pick up the last delinquency.

Amend Senate Bill No. 200, Introduced Copy

1. Page 11, lines 14 and 15.

Following: "department" on line 14

Strike: ", "

Insert: "Or"

Following: "agent" on line 14

Strike: ", or the county treasurer under 61-3-503,"

2. Page 62, line 18.

Following: "assessed"

Strike: "by the county treasurer"

3. Page 63, lines 6 and 7.

Following: "assessed"

Strike: "by the county treasurer"

4. Page 63, line 18.

Following: "county"

Strike: "treasurer"

Insert: "assessor"

5. Page 63, line 24.

Following: "county"

Strike: "treasurer"

Insert: "assessor"

6. Page 64, lines 2 through 5.

Following: "registered." on line 2

Strike: remainder of line 2 through end of line 5

SENATE TAXATION

EXHIBIT NO. 1

DATE 2-11-87

BILL NO. SB-200

Amend Senate Bill No. 200, Introduced Copy

1. Page 64, line 21.

Following: "less"

Insert: ", except for vehicles owned by disabled veterans
qualifying for special license plates under 61-3-451
through 61-3-455,"

2. Page 69, line 10.

Strike: "The"

Insert: "(1) Except as provided in subsection (2), the"

3. Page 70.

Following: line 18

Insert: "(2) The district court fee for a light vehicle
owned by a disabled veteran qualifying under the
provisions of 61-3-451 through 61-3-455 is \$3."

4. Page 70, line 21.

Strike: "The"

Insert: "(1) Except as provided in subsection (2), the"

5. Page 71.

Following: line 19

Insert: "(2) The district court fee for a light vehicle
owned by a disabled veteran qualifying under the
provisions of 61-3-451 through 61-3-455 is \$3."

SENATE TAXATION

EXHIBIT NO. 2

DATE 2-11-87

BILL NO. SB-200

Amend Senate Bill No. 200, Introduced Copy

1. Title, line 7.

Following: ";"

Insert: "TO ALLOW A LOCAL OPTION VEHICLE TAX;"

2. Page 8, line 12.

Following: "61-3-504(2)"

Insert: "and [section 39]"

3. Page 31, line 9.

Following: "61-3-504(2)"

Insert: "and [section 39]"

4. Page 34, line 12.

Following: "61-3-504(2)"

Insert: "and [section 39]"

5. Page 36, line 11.

Following: "61-3-504(2)"

Insert: "and [section 39]"

6. Page 37, line 20.

Following: "61-3-504(2)"

Insert: "and [section 39]"

7. Page 38, line 11.

Following: "61-3-504(2)"

Insert: "and [section 39]"

8. Page 41, line 13.

Following: "61-3-504(2)"

Insert: "and [section 39]"

9. Page 47, line 8.

Following: "61-3-504(2)"

Insert: "and [section 39]"

10. Page 64, line 24.

Strike: "2.5%"

Insert: "2%"

11. Page 65, line 21.

Following: "61-3-504"

Insert: "and [section 39]"

12. Page 67, line 1.

Following: "61-3-504"

Insert: "and [section 39]"

13. Page 73, line 10.

Following: "15-24-301,"

Strike: "or"

SENATE TAXATION

EXHIBIT NO. 3

DATE 2-11-87

BILL NO. SB-200

Following: "61-3-504"
Insert: ", or [section 39]"

14. Page 75.

Following: line 23

Insert: "NEW SECTION. Section 39. Local option vehicle tax. (1) A county may impose a local vehicle tax on vehicles subject to a property tax under 61-3-504(2) at the rate of .5% of the value determined under 61-3-503, in addition to the tax imposed under 61-3-504(2).

(2) A local vehicle tax is payable at the same time and in the same manner as the tax imposed under 61-3-504(2) and is distributed in the same manner, based on the registration address of the owner of the motor vehicle.

(3) The governing body of a county may impose a local vehicle tax for a fiscal year by adopting a resolution before July 1 of the fiscal year, after conducting a public hearing on the proposed resolution."

Renumber: subsequent sections

SENATE TAXATION

EXHIBIT NO. 3

DATE 2-11-87

BILL NO. S.B.-200

SENATE TAXATION

EXHIBIT NO. 4

DATE 2-11-87

BILL NO. SB200

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985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ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date February 11, 1987 Bill No. SB 200 Time 8:50 A.M.

NAME	YES	NO
SENATOR CRIPPEN	✓	
SENATOR NEUMAN	✓	
SENATOR SEVERSON	✓	
SENATOR LYBECK		✓
SENATOR HAGER	Absent	
SENATOR MAZUREK	✓	
SENATOR ECK		✓
SENATOR BROWN	✓	
SENATOR HIRSCH	✓	
SENATOR BISHOP	✓	
SENATOR HALLIGAN, VICE CHAIRMAN	✓	
SENATOR McCALLUM, CHAIRMAN	✓	

Aggie Hamilton
Secretary

Senator George McCallum
Chairman

Motion: Senator Hirsch's motion that amendment #10 be adopted.
The motion carried 9-2.

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date February 11, 1987 Bill No. SB 200 Time 9:05 A.M.

NAME	YES	NO
SENATOR CRIPPEN		✓
SENATOR NEUMAN	✓	
SENATOR SEVERSON	✓	
SENATOR LYBECK	✓	
SENATOR HAGER	ABSENT	
SENATOR MAZUREK	✓	
SENATOR ECK	✓	
SENATOR BROWN	✓	
SENATOR HIRSCH	✓	
SENATOR BISHOP	✓	
SENATOR HALLIGAN, VICE CHAIRMAN	✓	
SENATOR McCALLUM, CHAIRMAN		✓

Aggie Hamilton
Secretary

Senator George McCallum
Chairman

Motion: Senator Hirsch's motion to adopt the rest of the
amendments on Exhibit 3. The motion carried 9-2.

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date February 11, 1987 Bill No. SB 200 Time 9:10 A.M.

NAME	YES	NO
SENATOR CRIPPEN		✓
SENATOR NEUMAN		✓
SENATOR SEVERSON	✓	
SENATOR LYBECK	✓	
SENATOR HAGER	ABSENT	
SENATOR MAZUREK	✓	
SENATOR ECK	✓	
SENATOR BROWN	✓	
SENATOR HIRSCH	✓	
SENATOR BISHOP		✓
SENATOR HALLIGAN, VICE CHAIRMAN	✓	
SENATOR McCALLUM, CHAIRMAN		✓

Aggie Hamilton
Secretary

Senator George McCallum
Chairman

Motion: Senator Hirsch's motion that SB 200 DO PASS AS AMENDED.

The motion carried 7-4.

STANDING COMMITTEE REPORT

SCRSB200

February 11, 197

MR. PRESIDENT

Taxation

We, your committee on.....
Senate Bill 200

having had under consideration..... No.....

first white
reading copy ()
color

REPLACE VEHICLE FEE SYSTEM WITH A PROPERTY TAX AT RATE OF 2% OF VALUE

Respectfully report as follows: That..... Senate Bill..... No. 200.....

BE AMENDED AT FOLLOWS;

1. Title, line 7.

Following: ";

Insert: "TO ALLOW A LOCAL OPTION VEHICLE TAX;"

2. Page 8, line 12.

Following: "61-3-504(2)"

Insert: "and [section 39]"

3. Page 11, lines 14 and 15.

Following: "department" on line 14

Strike: ";

Insert: "or"

Following: "agent" on line 14

Strike: ", or the county treasurer under 61-3-503,"

4. Page 31, line 9.

Following: "61-3-504(2)"

Insert: "and [section 39]"

5. Page 34, line 12.

Following: "61-3-504(2)"

Insert: "and [section 39]"

6. Page 36, line 11.

Following: "61-3-504(2)"

Insert: "and [section 39]"

XXXXXX

XXXXXXXXXX

CONTINUED

Chairman.

February 11, 1987

19

7. Page 37, line 20.

Following: "61-3-504(2)"

Insert: "and [section 39]"

8. Page 38, line 11.

Following: "61-3-504(2)"

Insert: "and [section 39]"

9. Page 41, line 13.

Following: "61-3-504(2)"

Insert: "and [section 39]"

10. Page 47, line 8.

Following: "61-3-504(2)"

Insert: "and [section 39]"

11. Page 62, line 18.

Following: "assessed"

Strike: "by the county treasurer"

12. Page 63, lines 6 and 7.

Following: "assessed"

Strike: "by the county treasurer"

13. Page 63, line 18.

Following: "county"

Strike: "treasurer"

Insert: "assessor"

14. Page 63, line 24.

Following: "county"

Strike: "treasurer"

Insert: "assessor"

15. Page 64, lines 2 through 5.

Following: "registered." on line 2

Strike: remainder of line 2 through end of line 5

16. Page 64, line 21.

Following: "less"

Insert: ", except for vehicles owned by disabled veterans
qualifying for special license plates under 61-3-451,"

17. Page 64, line 24.

Strike: "2.5%"

Insert: "2%"

CONTINUED

February 11,

87

19.....

18. Page 65, line 21.

Following: "61-3-504"

Insert: "and [section 39]"

19. Page 67, line 1.

Following: "61-3-504"

Insert: "and [section 39]"

20. Page 69, line 10.

Strike: "The"

Insert: "(1) Except as provided in subsection (2), the"

21. Page 70.

Following: line 18

Insert: "(2) The district court fee for a light vehicle owned by a disabled veteran qualifying for special license plates under 61-3-451 is \$3."

22. Page 70, line 21.

Strike: "The"

Insert: "(1) Except as provided in subsection (2), the"

23. Page 71.

Following: line 19

Insert: "(2) The district court fee for a light vehicle owned by a disabled veteran qualifying for special license plates under 61-3-451 is \$3."

24. Page 73, line 10.

Following: "15-24-301,"

Strike: "or"

Following: "61-3-504"

Insert: ", or [section 39]"

25. Page 75.

Following: line 23

Insert: "NEW SECTION. Section 39. Local option vehicle tax. (1) A county may impose a local vehicle tax on vehicles subject to a property tax under 61-3-504(2) at the rate of .5% of the value determined under 61-3-503, in addition to the tax imposed under 61-3-504(2)."

(2) A local vehicle tax is payable at the same time and in the same manner as the tax imposed under 61-3-504(2) and is distributed in the same manner, based on the registration address of the owner of the motor vehicle.

(3) The governing body of a county may impose a local vehicle tax for a fiscal year by adopting a resolution before July 1 of the fiscal year, after conducting a public hearing on the proposed resolution."

Re-number: subsequent sections

AND AS AMENDED
DO PASS

Senator McCallum

SENATE BILL NO. 200

INTRODUCED BY E. SMITH, SEVERSON, B. BROWN, TVEIT,
MCCALLUM, NATHE, HAGER, FARRELL, HIRSCH, LYBECK, BECK,
DEVLIN, C. SMITH, JONES, KOLSTAD, ELLISON

A BILL FOR AN ACT ENTITLED: "AN ACT TO REPLACE THE FEE IN
LIEU OF TAX ON LIGHT VEHICLES, MOTORCYCLES, QUADRICYCLES,
MOTOR HOMES, TRAVEL TRAILERS, AND CAMPERS WITH A PROPERTY
TAX; TO ALLOW A LOCAL OPTION VEHICLE TAX; AMENDING SECTIONS
7-1-2111, 15-1-501, 15-6-138, 15-6-140, 15-6-201, 15-8-201,
15-8-202, 15-24-101, 15-24-105, 15-24-301, 15-30-121,
15-31-114, 15-36-112, 15-50-207, 20-9-141, 20-9-331,
20-9-333, 20-9-352, 20-9-501, 20-10-144, 61-1-130, 61-1-131,
61-3-303, 61-3-332, 61-3-431, 61-3-501 THROUGH 61-3-504,
61-3-506, 61-3-509, 61-3-524, 61-3-531, 61-3-533 THROUGH
61-3-535, 61-3-701, AND 61-6-302, MCA; REPEALING SECTIONS
7-6-301 THROUGH 7-6-309, 61-3-521 THROUGH 61-3-523,
61-3-532, 61-3-536, 61-3-541, AND 61-3-542, MCA; AND
PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY
DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 7-1-2111, MCA, is amended to read:

"7-1-2111. Classification of counties. (1) For the
purpose of regulating the compensation and salaries of all

county officers, not otherwise provided for, and for fixing
the penalties of officers' bonds, the several counties of
this state shall be classified according to that percentage
of the true and full valuation of the property therein upon
which the tax levy is made, except for vehicles subject to
taxation under 61-3-504(2), as follows:

(a) first class--all counties having such a taxable
valuation of \$50 million or over;

(b) second class--all counties having such a taxable
valuation of more than \$30 million and less than \$50
million;

(c) third class--all counties having such a taxable
valuation of more than \$20 million and less than \$30
million;

(d) fourth class--all counties having such a taxable
valuation of more than \$15 million and less than \$20
million;

(e) fifth class--all counties having such a taxable
valuation of more than \$10 million and less than \$15
million;

(f) sixth class--all counties having such a taxable
valuation of more than \$5 million and less than \$10 million;

(g) seventh class--all counties having such a taxable
valuation of less than \$5 million.

(2) As used in this section, taxable valuation means

1 the taxable value of taxable property in the county as of
2 the time of determination plus:

3 (a) that portion of the taxable value of the county on
4 December 31, 1981, attributable to automobiles and trucks
5 having a rated capacity of three-quarters of a ton or less;
6 and

7 (b) the amount of new production taxes levied, as
8 provided in 15-23-607, divided by the appropriate tax rates
9 described in 15-23-607(2)(a) or (2)(b) and multiplied by
10 60%."

11 Section 2. Section 15-1-501, MCA, is amended to read:

12 "15-1-501. Disposition of moneys from certain
13 designated license and other taxes. (1) The state treasurer
14 shall deposit to the credit of the state general fund all
15 moneys received by him from the collection of:

16 (a) fees from driver's licenses, motorcycle
17 endorsements, and duplicate driver's licenses as provided in
18 61-5-121;

19 (b) electrical energy producer's license taxes under
20 chapter 51;

21 (c) severance taxes allocated to the general fund
22 under chapter 36;

23 (d) liquor license taxes under Title 16;

24 (e) telephone [company] license taxes under chapter
25 53; and

1 (f) inheritance and estate taxes under Title 72,
2 chapter 16.

3 (2) Seventy-five percent of all moneys received from
4 the collection of income taxes under chapter 30 and
5 corporation license and income taxes under chapter 31,
6 except as provided in 15-31-702, shall be deposited in the
7 general fund subject to the prior pledge and appropriation
8 of such income tax and corporation license tax collections
9 for the payment of long-range building program bonds. The
10 remaining 25% of the proceeds of the corporation license
11 tax, excluding that allocated to the counties under
12 15-31-702, corporation income tax, and income tax shall be
13 deposited to the credit of the state special revenue fund
14 for state equalization aid to the public schools of Montana.

15 (3) The state treasurer shall also deposit to the
16 credit of the state general fund all moneys received by him
17 from the collection of license taxes, fees, and all net
18 revenues and receipts from all other sources under the
19 operation of the Montana Alcoholic Beverage Code.

20 ~~(4) Thirty-three--and--one-third--percent--of--the--total~~
21 ~~collections--of--the--oil--severance--tax--under--chapter--36--shall~~
22 ~~be--deposited--into--the--local--government--block--grant--account~~
23 ~~within--the--state--special--revenue--fund.~~ After the
24 distribution provided for in 15-36-112, the remainder of the
25 oil severance tax collections shall be deposited in the

1 general fund."

2 Section 3. Section 15-6-138, MCA, is amended to read:

3 "15-6-138. Class eight property -- description --

4 taxable percentage. (1) Class eight property includes:

5 (a) all agricultural implements and equipment;

6 (b) all mining machinery, fixtures, equipment, tools,

7 and supplies except:

8 (i) those included in class five; and

9 (ii) coal and ore haulers;

10 (c) all manufacturing machinery, fixtures, equipment,

11 tools, and supplies except those included in class five;

12 (d) all trailers up to and including 18,000 pounds

13 maximum gross loaded weight, except those subject to ~~a fee~~

14 ~~in-lieu-of-property-tax~~ taxation under 61-3-504(2);

15 (e) aircraft;

16 (f) all goods and equipment intended for rent or

17 lease, except goods and equipment specifically included and

18 taxed in another class; and

19 (g) all other machinery except that specifically

20 included in another class.

21 (2) Class eight property is taxed at 11% of its market

22 value."

23 Section 4. Section 15-6-140, MCA, is amended to read:

24 "15-6-140. Class ten property -- description --

25 taxable percentage. (1) Class ten property includes:

1 (a) radio and television broadcasting and transmitting

2 equipment;

3 (b) cable television systems;

4 (c) coal and ore haulers;

5 (d) trucks having a rated capacity of more than 1 1/2

6 tons, including those prorated under 15-24-102;

7 (e) all trailers exceeding 18,000 pounds maximum gross

8 loaded weight, including those prorated under 15-24-102 and

9 except those subject to ~~a fee in-lieu-of-property-tax~~

10 taxation under 61-3-504(2);

11 (f) theater projectors and sound equipment; and

12 (g) all other property not included in any other class

13 in this part except that property subject to a fee in lieu

14 of a property tax.

15 (2) Class ten property is taxed at 16% of its market

16 value."

17 Section 5. Section 15-6-201, MCA, is amended to read:

18 "15-6-201. Exempt categories. (1) The following

19 categories of property are exempt from taxation:

20 (a) the property of:

21 (i) the United States, the state, counties, cities,

22 towns, school districts, except, if congress passes

23 legislation that allows the state to tax property owned by

24 an agency created by congress to transmit or distribute

25 electrical energy, the property constructed, owned, or

1 operated by a public agency created by the congress to
 2 transmit or distribute electric energy produced at privately
 3 owned generating facilities (not including rural electric
 4 cooperatives);

5 (ii) irrigation districts organized under the laws of
 6 Montana and not operating for profit;

7 (iii) municipal corporations; and

8 (iv) public libraries;

9 (b) buildings, with land they occupy and furnishings
 10 therein, owned by a church and used for actual religious
 11 worship or for residences of the clergy, together with
 12 adjacent land reasonably necessary for convenient use of
 13 such buildings;

14 (c) property used exclusively for agricultural and
 15 horticultural societies, for educational purposes, and for
 16 hospitals;

17 (d) property that meets the following conditions:

18 (i) is owned and held by any association or
 19 corporation organized under Title 35, chapter 2, 3, 20, or
 20 21;

21 (ii) is devoted exclusively to use in connection with a
 22 cemetery or cemeteries for which a permanent care and
 23 improvement fund has been established as provided for in
 24 Title 35, chapter 20, part 3; and

25 (iii) is not maintained and operated for private or

1 corporate profit;

2 (e) institutions of purely public charity;

3 (f) evidence of debt secured by mortgages of record
 4 upon real or personal property in the state of Montana;

5 (g) public art galleries and public observatories not
 6 used or held for private or corporate profit;

7 (h) all household goods and furniture, including but
 8 not limited to clocks, musical instruments, sewing machines,
 9 and wearing apparel of members of the family, used by the
 10 owner for personal and domestic purposes or for furnishing
 11 or equipping the family residence;

12 (i) a truck canopy cover or topper weighing less than
 13 300 pounds and having no accommodations attached. Such
 14 property is also exempt from ~~the fee in lieu of tax~~ taxation
 15 under 61-3-504(2) AND [SECTION 39].

16 (j) a bicycle, as defined in 61-1-123, used by the
 17 owner for personal transportation purposes;

18 ~~{k}--automobiles--and--trucks--having--a--rated--capacity--of~~
 19 ~~three--quarters--of--a--ton--or--less;~~

20 ~~{i}--motorcycles--and--quadricycles;~~

21 ~~{m}{k}~~ fixtures, buildings, and improvements owned by
 22 a cooperative association or nonprofit corporation organized
 23 to furnish potable water to its members or customers for
 24 uses other than the irrigation of agricultural land;

25 ~~{n}{l}~~ the right of entry that is a property right

reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land whose surface title is held by another to explore, prospect, or dig for oil, gas, coal, or minerals;

~~(p)~~(m) property owned and used by a corporation or association organized and operated exclusively for the care of the developmentally disabled, mentally ill, or vocationally handicapped as defined in 18-5-101, which is not operated for gain or profit; and

~~(p)~~(n) all farm buildings with a market value of less than \$500 and all agricultural implements and machinery with a market value of less than \$100.

(2) (a) The term "institutions of purely public charity" includes organizations owning and operating facilities for the care of the retired or aged or chronically ill, which are not operated for gain or profit.

(b) The terms "public art galleries" and "public observatories" include only those art galleries and observatories, whether of public or private ownership, that are open to the public without charge at all reasonable hours and are used for the purpose of education only.

(3) The following portions of the appraised value of a capital investment made after January 1, 1979, in a recognized nonfossil form of energy generation, as defined in 15-32-102, are exempt from taxation for a period of 10

years following installation of the property:

(a) \$20,000 in the case of a single-family residential dwelling;

(b) \$100,000 in the case of a multifamily residential dwelling or a nonresidential structure. (Subsection (1)(p) ~~(now (1)(n))~~ applicable to taxable years beginning after December 31, 1985--sec. 4, Ch. 463, L. 1985.)"

Section 6. Section 15-8-201, MCA, is amended to read:

"15-8-201. General assessment day. (1) The department of revenue or its agent must, between January 1 and the second Monday of July in each year, ascertain the names of all taxable inhabitants and assess all property subject to taxation in each county. The department or its agent must assess property to the person by whom it was owned or claimed or in whose possession or control it was at midnight of January 1 next preceding. It must also ascertain and assess all mobile homes arriving in the county after midnight of January 1 next preceding. No mistake in the name of the owner or supposed owner of real property, however, renders the assessment invalid.

(2) The procedure provided by this section may not apply to:

(a) motor vehicles that are required by 15-8-202 to be assessed on January 1 or upon their anniversary registration date;

1 ~~(b)--automobiles-and-trucks-having-a-rated-capacity--of~~
2 ~~three-quarters-of-a-ton-or-less;~~

3 ~~(c)--motor--homes--and-travel-trailers-subject-to-a-fee~~
4 ~~in-lieu-of-property-tax;~~

5 ~~(d)--motorcycles-and-quadricycles;~~

6 ~~(e)(b)~~ livestock;

7 ~~(f)(c)~~ property defined in 61-1-104 as "special mobile
8 equipment" that is subject to assessment for personal
9 property taxes on the date that application is made for a
10 special mobile equipment plate; and

11 ~~(g)(d)~~ mobile homes held by a distributor or dealer of
12 mobile homes as a part of his stock in trade.

13 (3) Credits must be assessed as provided in
14 15-1-101(1)(d)."

15 Section 7. Section 15-8-202, MCA, is amended to read:

16 "15-8-202. Motor vehicle assessment. (1) The
17 department, ~~or OR its agent, or the county treasurer under~~
18 ~~61-3-503,~~ must, in each year, ascertain and assess all motor
19 vehicles ~~other--than--automobiles,--trucks--having--a--rated~~
20 ~~capacity--of--three-quarters--of--a-ton-or-less,--motorcycles,~~
21 ~~quadricycles,--motor-homes,--travel-trailers,~~ or mobile homes
22 in each county subject to taxation as of January 1 or as of
23 the anniversary registration date of those vehicles subject
24 to 61-3-313 through 61-3-316 and 61-3-501. The assessment
25 for all motor vehicles ~~will~~ must be made ~~using--the--market~~

1 ~~value--as--of--January--1--of--the-year-of-assessment-of-the~~
2 ~~vehicle-as-contained--in--the--most--recent--volume--of--the~~
3 ~~Mountain--States--Edition-of-the-National-Automobile-Dealers~~
4 ~~Association-Official--Used--Car--Guide~~ in accordance with
5 ~~61-3-503.~~ The motor vehicles shall be assessed in each year
6 to the persons by whom owned or claimed or in whose
7 possession or control they were at midnight of January 1 or
8 the anniversary registration date thereof, whichever is
9 applicable.

10 (2) No tax may be assessed against motor vehicles
11 subject to taxation that constitute inventory of motor
12 vehicle dealers as of January 1. These vehicles and all
13 other motor vehicles subject to taxation brought into the
14 state subsequent to January 1 as motor vehicle dealers'
15 inventories shall be assessed to their respective purchasers
16 as of the dates the vehicles are registered by the
17 purchasers.

18 (3) "Purchasers" includes dealers who apply for
19 registration or reregistration of motor vehicles, except as
20 otherwise provided by 61-3-502.

21 (4) Goods, wares, and merchandise of motor vehicle
22 dealers, other than new motor vehicles and new mobile homes,
23 shall be assessed at market value as of January 1."

24 Section 8. Section 15-24-101, MCA, is amended to read:

25 "15-24-101. Assessment of proportionally registered

1 interstate motor vehicle fleets -- tax payment required for
 2 registration. (1) The department of revenue shall assess,
 3 for the purpose of personal property taxes, the taxable
 4 vehicles in interstate motor vehicle fleets proportionally
 5 registered under the provisions of 61-3-711 through
 6 61-3-733, and the assessment shall be apportioned on the
 7 ratio of total miles traveled to in-state miles traveled
 8 formula as prescribed by 61-3-721. Interstate motor vehicle
 9 fleets are assessable for taxation purposes upon application
 10 for proportional registration and are assessed to the
 11 persons who own or claim or in whose possession or control
 12 the fleet is at the time of the application.

13 (2) With respect to any fleet contained in an original
 14 application which has a situs for purpose of property
 15 taxation in Montana by the terms of this part or any other
 16 provision of the laws of Montana between January 1 and April
 17 1, the taxable vehicles are taxed for a full year. With
 18 respect to any fleet contained in an original application
 19 which acquires a situs for the purpose of property taxation
 20 in Montana under the provisions of this part or any other
 21 law of the state of Montana after April 1, the taxes on
 22 taxable vehicles are apportioned as provided in 15-24-303.

23 (3) With respect to any fleet contained in a renewal
 24 application, the taxable vehicles are assessed and taxed for
 25 a full year.

1 (4) Automobiles and trucks having a rated capacity of
 2 three-quarters of a ton or less that are part of an
 3 interstate motor vehicle fleet are subject to ~~the--light~~
 4 ~~vehicle-license-fee-imposed-by-61-3-532~~ property tax. If the
 5 fleet is proportionally registered, the fee tax is
 6 apportioned in the same fashion as the registration fee
 7 under 61-3-721.

8 (5) Vehicles contained in a fleet for which current
 9 taxes, fees, or both have been assessed and paid shall not
 10 be assessed or charged fees under this section upon
 11 presentation to the department of proof of payment of taxes,
 12 or fees, or both for the current registration year. The
 13 payment of personal property taxes, fees, or both, is a
 14 condition precedent to proportional registration or
 15 reregistration of an interstate motor vehicle fleet."

16 Section 9. Section 15-24-105, MCA, is amended to read:

17 "15-24-105. Deposit and distribution of taxes and fees
 18 on proportionally registered fleets. The personal property
 19 taxes and license fees collected under this part shall be
 20 deposited with the state treasurer for distribution to the
 21 general fund of each county on the following basis:

22 (1) for personal property taxes, according to the
 23 ratio of the taxable valuation of each county to the total
 24 state taxable valuation; and

25 (2) for ~~light~~ vehicle license fees, according to the

ratio of ~~light~~ vehicle license fees, other than fees derived from interstate motor vehicle fleets, collected in each county to the sum of all such fees collected in all the counties."

Section 10. Section 15-24-301, MCA, is amended to read:

"15-24-301. Personal property brought into the state -- assessment -- exceptions -- custom combine equipment. (1) Except as provided in subsections (2) through ~~(6)~~ (5), property in the following cases is subject to taxation and assessment for all taxes levied that year in the county in which it is located:

(a) any personal property (including livestock) brought, driven, or coming into this state at any time during the year that is used in the state for hire, compensation, or profit;

(b) property whose owner or user is engaged in gainful occupation or business enterprise in the state; or

(c) property which comes to rest and becomes a part of the general property of the state.

(2) The taxes on this property are levied in the same manner and to the same extent, except as otherwise provided, as though the property had been in the county on the regular assessment date, provided that the property has not been regularly assessed for the year in some other county of the

state.

(3) Nothing in this section shall be construed to levy a tax against a merchant or dealer within this state on goods, wares, or merchandise brought into the county to replenish the stock of the merchant or dealer.

(4) Any motor vehicle ~~not-subject-to-the-light-vehicle license-fee-or-a-fee-in-lieu--of--tax~~ brought, driven, or coming into this state by any nonresident person temporarily employed in Montana and used exclusively for transportation of such person is subject to taxation and assessment for taxes as follows:

(a) The motor vehicle is taxed by the county in which it is located.

(b) One-fourth of the annual tax liability of the motor vehicle must be paid for each quarter or portion of a quarter of the year that the motor vehicle is located in Montana.

(c) The quarterly taxes are due the first day of the quarter.

(5) Agricultural harvesting machinery classified under class eight, licensed in other states, and operated on the lands of persons other than the owner of the machinery under contracts for hire shall be subject to a fee in lieu of taxation of \$35 per machine for the calendar year in which the fee is collected. The machines shall be subject to

1 taxation under class eight only if they are sold in Montana.

2 ~~{6}--The-provisions--of--this--part--do--not--apply--to~~
 3 ~~automobiles---and---trucks---having---a---rated---capacity---of~~
 4 ~~three-quarters---of---a---ton---or---less,---motorcycles,---or~~
 5 ~~quadricycles.---These-vehicles-are-subject-to-the-fee-provided~~
 6 ~~for-in-61-3-532-or-61-3-541."~~

7 Section 11. Section 15-30-121, MCA, is amended to
 8 read:

9 "15-30-121. Deductions allowed in computing net
 10 income. In computing net income, there are allowed as
 11 deductions:

12 (1) the items referred to in sections 161 and 211 of
 13 the Internal Revenue Code of 1954, or as sections 161 and
 14 211 shall be labeled or amended, subject to the following
 15 exceptions which are not deductible:

16 (a) items provided for in 15-30-123;

17 (b) state income tax paid;

18 (2) federal income tax paid within the taxable year;

19 (3) expenses of household and dependent care services
 20 as outlined in subsections (3)(a) through (3)(c) and subject
 21 to the limitations and rules as set out in subsections
 22 (3)(d) through (3)(f) as follows:

23 (a) expenses for household and dependent care services
 24 necessary for gainful employment incurred for:

25 (i) a dependent under 15 years of age for whom an

1 exemption can be claimed;

2 (ii) a dependent as allowable under 15-30-112(5),
 3 except that the limitations for age and gross income do not
 4 apply, who is unable to care for himself because of physical
 5 or mental illness; and

6 (iii) a spouse who is unable to care for himself
 7 because of physical or mental illness;

8 (b) employment-related expenses incurred for the
 9 following services, but only if such expenses are incurred
 10 to enable the taxpayer to be gainfully employed:

11 (i) household services which are attributable to the
 12 care of the qualifying individual; and

13 (ii) care of an individual who qualifies under
 14 subsection (3)(a);

15 (c) expenses incurred in maintaining a household if
 16 over half of the cost of maintaining the household is
 17 furnished by an individual or, if the individual is married
 18 during the applicable period, is furnished by the individual
 19 and his spouse;

20 (d) the amounts deductible in subsection (3)(a)
 21 through (3)(c) are subject to the following limitations:

22 (i) a deduction is allowed under subsection (3)(a) for
 23 employment-related expenses incurred during the year only to
 24 the extent such expenses do not exceed \$4,800;

25 (ii) expenses for services in the household are

deductible under subsection (3)(a) for employment-related expenses only if they are incurred for services in the taxpayer's household, except that employment-related expenses incurred for services outside the taxpayer's household are deductible, but only if incurred for the care of a qualifying individual described in subsection (3)(a)(i) and only to the extent such expenses incurred during the year do not exceed:

(A) \$2,400 in the case of one qualifying individual;

(B) \$3,600 in the case of two qualifying individuals;

and

(C) \$4,800 in the case of three or more qualifying individuals;

(e) if the combined adjusted gross income of the taxpayers exceeds \$18,000 for the taxable year during which the expenses are incurred, the amount of the employment-related expenses incurred must be reduced by one-half of the excess of the combined adjusted gross income over \$18,000;

(f) for purposes of this subsection (3):

(i) married couples shall file a joint return or file separately on the same form;

(ii) if the taxpayer is married during any period of the taxable year, employment-related expenses incurred are deductible only if:

(A) both spouses are gainfully employed on a substantially full-time basis; or

(B) the spouse is a qualifying individual described in subsection (3)(a)(iii);

(iii) an individual legally separated from his spouse under a decree of divorce or of separate maintenance may not be considered as married;

(iv) the deduction for employment-related expenses must be divided equally between the spouses when filing separately on the same form;

(v) payment made to a child of the taxpayer who is under 19 years of age at the close of the taxable year and payments made to an individual with respect to whom a deduction is allowable under 15-30-112(5) are not deductible as employment-related expenses;

(4) in the case of an individual, political contributions determined in accordance with the provisions of section 218(a) and (b) of the Internal Revenue Code that were in effect for the taxable year ended December 31, 1978;

(5) that portion of expenses for organic fertilizer allowed as a deduction under 15-32-303 which was not otherwise deducted in computing taxable income;

~~(6) light-vehicle-license-fees, as provided by 64-3-532, paid during the taxable year;~~

~~(7) fees in lieu of taxes on motorcycles and~~

1 quadricycles, as provided by 61-3-541, paid during the
2 taxable year; and

3 (8)(6) contributions to the child abuse and neglect
4 prevention program provided for in 41-3-701, subject to the
5 conditions set forth in 15-30-156. (Subsection (8) [now
6 subsection (6)] terminates January 1, 1990--sec. 13, Ch.
7 610, L. 1985.)"

8 Section 12. Section 15-31-114, MCA, is amended to
9 read:

10 "15-31-114. Deductions allowed in computing income. In
11 computing the net income, the following deductions shall be
12 allowed from the gross income received by such corporation
13 within the year from all sources:

14 (1) All the ordinary and necessary expenses paid or
15 incurred during the taxable year in the maintenance and
16 operation of its business and properties, including
17 reasonable allowance for salaries for personal services
18 actually rendered, subject to the limitation hereinafter
19 contained, rentals or other payments required to be made as
20 a condition to the continued use or possession of property
21 to which the corporation has not taken or is not taking
22 title or in which it has no equity. No deduction shall be
23 allowed for salaries paid upon which the recipient thereof
24 has not paid Montana state income tax; provided, however,
25 that where domestic corporations are taxed on income derived

1 from without the state, salaries of officers paid in
2 connection with securing such income shall be deductible.

3 (2) (a) All losses actually sustained and charged off
4 within the year and not compensated by insurance or
5 otherwise, including a reasonable allowance for the wear and
6 tear and obsolescence of property used in the trade or
7 business, such allowance to be determined according to the
8 provisions of section 167 of the Internal Revenue Code in
9 effect with respect to the taxable year. All elections for
10 depreciation shall be the same as the elections made for
11 federal income tax purposes. No deduction shall be allowed
12 for any amount paid out for any buildings, permanent
13 improvements, or betterments made to increase the value of
14 any property or estate, and no deduction shall be made for
15 any amount of expense of restoring property or making good
16 the exhaustion thereof for which an allowance is or has been
17 made.

18 (b) (i) There shall be allowed as a deduction for the
19 taxable period a net operating loss deduction determined
20 according to the provisions of this subsection. The net
21 operating loss deduction is the aggregate of net operating
22 loss carryovers to such taxable period plus the net
23 operating loss carrybacks to such taxable period. The term
24 "net operating loss" means the excess of the deductions
25 allowed by this section, 15-31-114, over the gross income,

with the modifications specified in (ii) of this subsection. If for any taxable period beginning after December 31, 1970, a net operating loss is sustained, such loss shall be a net operating loss carryback to each of the three taxable periods preceding the taxable period of such loss and shall be a net operating loss carryover to each of the five taxable periods following the taxable period of such loss. A net operating loss for any taxable period ending after December 31, 1975, in addition to being a net operating loss carryback to each of the three preceding taxable periods, shall be a net operating loss carryover to each of the seven taxable periods following the taxable period of such loss. The portion of such loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of such loss over the sum of the net income for each of the prior taxable periods to which such loss was carried. For purposes of the preceding sentence, the net income for such prior taxable period shall be computed with the modifications specified in (ii)(B) of this subsection and by determining the amount of the net operating loss deduction without regard to the net operating loss for the loss period or any taxable period thereafter, and the net income so computed shall not be considered to be less than zero.

(ii) The modifications referred to in (i) of this subsection shall be as follows:

(A) No net operating loss deduction shall be allowed.

(B) The deduction for depletion shall not exceed the amount which would be allowable if computed under the cost method.

(C) Any net operating loss carried over to any taxable years beginning after December 31, 1978, must be calculated under the provisions of this section effective for the taxable year for which the return claiming the net operating loss carryover is filed.

(iii) A net operating loss deduction shall be allowed only with regard to losses attributable to the business carried on within the state of Montana.

(iv) In the case of a merger of corporations, the surviving corporation shall not be allowed a net operating loss deduction for net operating losses sustained by the merged corporations prior to the date of merger. In the case of a consolidation of corporations, the new corporate entity shall not be allowed a deduction for net operating losses sustained by the consolidated corporations prior to the date of consolidation.

(v) Notwithstanding the provisions of 15-31-531, interest shall not be paid with respect to a refund of tax resulting from a net operating loss carryback or carryover.

(vi) The net operating loss deduction shall not be allowed with respect to taxable periods which ended on or

1 before December 31, 1970, but shall be allowed only with
2 respect to taxable periods beginning on or after January 1,
3 1971.

4 (3) In the case of mines, other natural deposits, oil
5 and gas wells, and timber, a reasonable allowance for
6 depletion and for depreciation of improvements; such
7 reasonable allowance to be determined according to the
8 provisions of the Internal Revenue Code in effect for the
9 taxable year. All elections made under the Internal Revenue
10 Code with respect to capitalizing or expensing exploration
11 and development costs and intangible drilling expenses for
12 corporation license tax purposes shall be the same as the
13 elections made for federal income tax purposes.

14 (4) The amount of interest paid within the year on its
15 indebtedness incurred in the operation of the business from
16 which its income is derived; but no interest shall be
17 allowed as a deduction if paid on an indebtedness created
18 for the purchase, maintenance, or improvement of property or
19 for the conduct of business unless the income from such
20 property or business would be taxable under this part.

21 (5) (a) Taxes paid within the year, except the
22 following:

23 (i) Taxes imposed by this part.

24 (ii) Taxes assessed against local benefits of a kind
25 tending to increase the value of the property assessed.

1 (iii) Taxes on or according to or measured by net
2 income or profits imposed by authority of the government of
3 the United States.

4 (iv) Taxes imposed by any other state or country upon
5 or measured by net income or profits.

6 (b) Taxes deductible under this part shall be
7 construed to include taxes imposed by any county, school
8 district, or municipality of this state.

9 ~~{6}--Eight--vehicle--license--fees,--as--provided--by~~
10 ~~61-3-532,--and--fees--in--lieu--of--taxes--for--motorcycles--and~~
11 ~~quadracycles,--as--provided--by--61-3-541,--paid--within--the--year.~~

12 {7}{6} That portion of an energy-related investment
13 allowed as a deduction under 15-32-103.

14 {8}{7} (a) Except as provided in subsection (b),
15 charitable contributions and gifts that qualify for
16 deduction under section 170 of the Internal Revenue Code, as
17 amended.

18 (b) The public service commission shall not allow in
19 the rate base of a regulated corporation the inclusion of
20 contributions made under this subsection.

21 {9}{8} In lieu of the deduction allowed under
22 subsection {8} (7), the taxpayer may deduct the fair market
23 value, not to exceed 30% of the taxpayer's net income, of a
24 computer or other sophisticated technological equipment or
25 apparatus intended for use with the computer donated to an

1 elementary, secondary, or accredited postsecondary school
2 located in Montana if:

3 (a) the contribution is made no later than 5 years
4 after the manufacture of the donated property is
5 substantially completed;

6 (b) the property is not transferred by the donee in
7 exchange for money, other property, or services; and

8 (c) the taxpayer receives a written statement from the
9 donee in which the donee agrees to accept the property and
10 representing that the use and disposition of the property
11 will be in accordance with the provisions of (b) of this
12 subsection ~~{9}~~ (8)."

13 Section 13. Section 15-36-112, MCA, is amended to
14 read:

15 "15-36-112. Disposition of oil and gas severance
16 taxes. (1) Each year the department of revenue shall
17 determine the amount of tax collected under this chapter
18 from within each county.

19 (2) The severance taxes collected under this chapter
20 are allocated as follows:

21 ~~{a}--33-1/3%--of--the--oil-severance-tax, not to exceed~~
22 ~~\$42-million-for--the--biennium--ending--June--30,--1985,--is~~
23 ~~deposited-in-the-local-government-block-grant-account-within~~
24 ~~the-state-special-revenue-fund;~~

25 ~~{b}~~(a) the amount, if any, by which the tax collected

1 from within a county for any fiscal year exceeds the total
2 amount collected from within that county for the previous
3 fiscal year, by reason of increased production and not
4 because of increase in or elimination of federal price
5 ceilings on oil and gas, is statutorily appropriated, as
6 provided in 17-7-502, for allocation to the general fund of
7 the county for distribution as provided in subsection (3);
8 ~~{c}~~(b) any amount not allocated to the--local
9 government--block--grant--account--or the county under
10 subsection (2)~~{a}~~, or--~~{2}~~{b} is allocated to the state
11 general fund.

12 (3) (a) The county treasurer shall distribute the
13 money received under subsection ~~{2}~~{b} ~~(2)~~(a) of this
14 section to the county and to all the incorporated cities and
15 towns within the county in the following manner. The county
16 receives the available money multiplied by the ratio of the
17 rural population to the county population. Each incorporated
18 municipality receives the available money multiplied by the
19 ratio of the population of the incorporated municipality to
20 the county population. The rural population is that
21 population of the county living outside the boundaries of an
22 incorporated municipality. Population shall be based on the
23 most recent figures as determined by the department of
24 commerce.

25 (b) The money distributed under this subsection may be

1 used for any purpose as determined by the governing body of
2 the county, city, or town."

3 Section 14. Section 15-50-207, MCA, is amended to
4 read:

5 "15-50-207. Credit against other taxes -- credit for
6 personal property taxes and certain fees. (1) The additional
7 license fees withheld or otherwise paid as provided herein
8 may be used as a credit on the contractor's corporation
9 license tax provided for in chapter 31 of this title or on
10 the contractor's income tax provided for in chapter 30,
11 depending upon the type of tax the contractor is required to
12 pay under the laws of the state.

13 (2) Personal property taxes, ~~fees-in-lieu-of-taxes-on~~
14 ~~motorcycles--or--quadricycles--or--light-vehicle-license-fees~~
15 ~~as-provided-by-61-3-532~~ paid in Montana on any personal
16 property of the contractor which is used in the business of
17 the contractor and is located within this state may be
18 credited against the license fees required under this
19 chapter. However, in computing the tax credit allowed by
20 this section against the contractor's corporation license
21 tax or income tax, the personal property tax ~~or--light~~
22 ~~vehicle--license--fee~~ credit against the license fees herein
23 required shall not be considered as license fees paid for
24 the purpose of such income tax or corporation license tax
25 credit."

1 Section 15. Section 20-9-141, MCA, is amended to read:

2 "20-9-141. Computation of general fund net levy
3 requirement by county superintendent. (1) The county
4 superintendent shall compute the levy requirement for each
5 district's general fund on the basis of the following
6 procedure:

7 (a) Determine the total of the funding required for
8 the district's final general fund budget less the amount
9 established by the schedules in 20-9-316 through 20-9-321 by
10 totaling:

11 (i) the district's nonisolated school foundation
12 program requirement to be met by a district levy as provided
13 in 20-9-303;

14 (ii) the district's permissive levy amount as provided
15 in 20-9-352; and

16 (iii) any general fund budget amount adopted by the
17 trustees of the district under the provisions of 20-9-353,
18 including any additional levies authorized by the electors
19 of the district.

20 (b) Determine the total of the moneys available for
21 the reduction of the property tax on the district for the
22 general fund by totaling:

23 (i) anticipated federal moneys received under the
24 provisions of Title I of Public Law 81-874 or other
25 anticipated federal moneys received in lieu of such federal

act;

(ii) anticipated tuition payments for out-of-district pupils under the provisions of 20-5-303, 20-5-307, 20-5-312, and 20-5-313;

(iii) general fund cash reappropriated, as established under the provisions of 20-9-104;

(iv) anticipated or reappropriated state impact aid received under the provisions of 20-9-304;

(v) anticipated ~~or reappropriated motor vehicle fees and reimbursement under the provisions of 61-3-532 and 61-3-536~~ revenue from vehicle property taxes imposed under 61-3-504(2) AND [SECTION 39];

(vi) anticipated net proceeds taxes for new production, as defined in 15-23-601;

(vii) anticipated interest to be earned or reappropriated interest earned by the investment of general fund cash in accordance with the provisions of 20-9-213(4); and

(viii) any other revenue anticipated by the trustees to be received during the ensuing school fiscal year which may be used to finance the general fund.

(c) Subtract the total of the moneys available to reduce the property tax required to finance the general fund that has been determined in subsection (1)(b) from the total requirement determined in subsection (1)(a).

(2) The net general fund levy requirement determined in subsection (1)(c) shall be reported to the county commissioners on the second Monday of August by the county superintendent as the general fund levy requirement for the district, and a levy shall be made by the county commissioners in accordance with 20-9-142."

Section 16. Section 20-9-331, MCA, is amended to read:

"20-9-331. Basic county tax and other revenues for county equalization of the elementary district foundation program. (1) It shall be the duty of the county commissioners of each county to levy an annual basic tax of 28 mills on the dollars of the taxable value of all taxable property within the county, except for vehicles subject to taxation under 61-3-504(2), for the purposes of local and state foundation program support. The revenue to be collected from this levy shall be apportioned to the support of the foundation programs of the elementary school districts in the county and to the state special revenue fund, state equalization aid account, in the following manner:

(a) In order to determine the amount of revenue raised by this levy which is retained by the county, the sum of the estimated revenues identified in subsection (2) below shall be subtracted from the sum of the county elementary transportation obligation and the total of the foundation

1 programs of all elementary districts of the county.

2 (b) If the basic levy prescribed by this section
3 produces more revenue than is required to finance the
4 difference determined above, the county treasurer shall
5 remit the surplus funds to the state treasurer for deposit
6 to the state special revenue fund, state equalization aid
7 account, immediately upon occurrence of a surplus balance
8 and each subsequent month thereafter, with any final
9 remittance due no later than June 20 of the fiscal year for
10 which the levy has been set.

11 (2) The proceeds realized from the county's portion of
12 the levy prescribed by this section and the revenues from
13 the following sources shall be used for the equalization of
14 the elementary district foundation programs of the county as
15 prescribed in 20-9-334, and a separate accounting shall be
16 kept of such proceeds and revenues by the county treasurer
17 in accordance with 20-9-212(1):

18 (a) the portion of the federal Taylor Grazing Act
19 funds distributed to a county and designated for the common
20 school fund under the provisions of 17-3-222;

21 (b) the portion of the federal flood control act funds
22 distributed to a county and designated for expenditure for
23 the benefit of the county common schools under the
24 provisions of 17-3-232;

25 (c) all money paid into the county treasury as a

1 result of fines for violations of law and the use of which
2 is not otherwise specified by law;

3 (d) any money remaining at the end of the immediately
4 preceding school fiscal year in the county treasurer's
5 account for the various sources of revenue established or
6 referred to in this section;

7 (e) any federal or state money, ~~including anticipated~~
8 ~~or-reappropriated-motor-vehicle-fees-and-reimbursement-under~~
9 ~~the-provisions-of-61-3-532-and-61-3-536~~, distributed to the
10 county as payment in lieu of the property taxation
11 established by the county levy required by this section; and

12 (f) net proceeds taxes for new production, as defined
13 in 15-23-601; and

14 (g) anticipated revenue from vehicle property taxes
15 imposed under 61-3-504(2) AND [SECTION 39]."

16 Section 17. Section 20-9-333, MCA, is amended to read:

17 "20-9-333. Basic special levy and other revenues for
18 county equalization of high school district foundation
19 program. (1) It shall be the duty of the county
20 commissioners of each county to levy an annual basic special
21 tax for high schools of 17 mills on the dollar of the
22 taxable value of all taxable property within the county,
23 except for vehicles subject to taxation under 61-3-504(2),
24 for the purposes of local and state foundation program
25 support. The revenue to be collected from this levy shall

1 be apportioned to the support of the foundation programs of
 2 high school districts in the county and to the state special
 3 revenue fund, state equalization aid account, in the
 4 following manner:

5 (a) In order to determine the amount of revenue raised
 6 by this levy which is retained by the county, the estimated
 7 revenues identified in subsections (2)(a) and (2)(b) below
 8 shall be subtracted from the sum of the county's high school
 9 tuition obligation and the total of the foundation programs
 10 of all high school districts of the county.

11 (b) If the basic levy prescribed by this section
 12 produces more revenue than is required to finance the
 13 difference determined above, the county treasurer shall
 14 remit the surplus to the state treasurer for deposit to the
 15 state special revenue fund, state equalization aid account,
 16 immediately upon occurrence of a surplus balance and each
 17 subsequent month thereafter, with any final remittance due
 18 no later than June 20 of the fiscal year for which the levy
 19 has been set.

20 (2) The proceeds realized from the county's portion of
 21 the levy prescribed in this section and the revenues from
 22 the following sources shall be used for the equalization of
 23 the high school district foundation programs of the county
 24 as prescribed in 20-9-334, and a separate accounting shall
 25 be kept of these proceeds by the county treasurer in

1 accordance with 20-9-212(1):

2 (a) any money remaining at the end of the immediately
 3 preceding school fiscal year in the county treasurer's
 4 accounts for the various sources of revenue established in
 5 this section;

6 (b) any federal or state moneys, ~~including anticipated~~
 7 ~~or-reappropriated motor vehicle fees and reimbursement under~~
 8 ~~the provisions of 61-3-532 and 61-3-536,~~ distributed to the
 9 county as a payment in lieu of the property taxation
 10 established by the county levy required by this section; and

11 (c) net proceeds taxes for new production, as defined
 12 in 15-23-601; and

13 (d) anticipated revenue from vehicle property taxes
 14 imposed under 61-3-504(2) AND [SECTION 39]."

15 Section 18. Section 20-9-352, MCA, is amended to read:

16 "20-9-352. Permissive amount and permissive levy. (1)
 17 Whenever the trustees of any district shall deem it
 18 necessary to adopt a general fund budget in excess of the
 19 foundation program amount but not in excess of the maximum
 20 general fund budget amount for such district as established
 21 by the schedules in 20-9-316 through 20-9-321, the trustees
 22 shall adopt a resolution stating the reasons and purposes
 23 for exceeding the foundation program amount. Such excess
 24 above the foundation program amount shall be known as the
 25 "permissive amount", and it shall be financed by a levy, as

1 prescribed in 20-9-141, on the taxable value of all taxable
 2 property within the district, ~~as--prescribed--in--20-9-141~~
 3 except for vehicles subject to taxation under 61-3-504(2),
 4 supplemented with any biennial appropriation by the
 5 legislature for this purpose. The proceeds of such an
 6 appropriation shall be deposited to the state special
 7 revenue fund, permissive account.

8 (2) The district levies to be set for the purpose of
 9 funding the permissive amount are determined as follows:

10 (a) For each elementary school district, the county
 11 commissioners shall annually set a levy not exceeding 6
 12 mills on all the taxable property in the district, except
 13 for vehicles subject to taxation under 61-3-504(2), for the
 14 purpose of funding the permissive amount of the district.
 15 The permissive levy in mills shall be obtained by
 16 multiplying the ratio of the permissive amount to the
 17 maximum permissive amount by 6 or by using the number of
 18 mills which would fund the permissive amount, whichever is
 19 less. If the amount of revenue raised by this levy, plus
 20 anticipated ~~or--reappropriated--motor--vehicle--fees--and~~
 21 ~~reimbursement under the provisions of 61-3-532 and 61-3-536,~~
 22 revenue from vehicle property taxes imposed under
 23 61-3-504(2) AND [SECTION 39], is not sufficient to fund the
 24 permissive amount in full, the amount of the deficiency
 25 shall be paid to the district from the state special revenue

1 fund according to the provisions of subsections (3) and (4)
 2 of this section.

3 (b) For each high school district, the county
 4 commissioners shall annually set a levy not exceeding 4
 5 mills on all taxable property in the district, except for
 6 vehicles subject to taxation under 61-3-504(2), for the
 7 purpose of funding the permissive amount of the district.
 8 The permissive levy in mills shall be obtained by
 9 multiplying the ratio of the permissive levy to the maximum
 10 permissive amount by 4 or by using the number of mills which
 11 would fund the permissive amount, whichever is less. If the
 12 amount of revenue raised by this levy, plus anticipated
 13 ~~motor-vehicle-fees-and-reimbursement under the provisions of~~
 14 ~~61-3-532 and 61-3-536,~~ revenue from vehicle property taxes
 15 imposed under 61-3-504(2) AND [SECTION 39], and plus net
 16 proceeds taxes for new production, as defined in 15-23-601,
 17 is not sufficient to fund the permissive amount in full, the
 18 amount of the deficiency shall be paid to the district from
 19 the state special revenue fund according to the provisions
 20 of subsections (3) and (4) of this section.

21 (3) The superintendent of public instruction shall, if
 22 the appropriation by the legislature for the permissive
 23 account for the biennium is insufficient, request the budget
 24 director to submit a request for a supplemental
 25 appropriation in the second year of the biennium. The

supplemental appropriation shall provide enough revenue to fund the permissive deficiency of the elementary and high school districts of the state. The proceeds of this appropriation shall be deposited to the state special revenue fund, permissive account, and shall be distributed to the elementary and high school districts in accordance with their entitlements as determined by the superintendent of public instruction according to the provisions of subsections (1) and (2) of this section.

(4) Distribution under this section from the state special revenue fund shall be made in two payments. The first payment shall be made at the same time as the first distribution of state equalization aid is made after January 1 of the fiscal year. The second payment shall be made at the same time as the last payment of state equalization aid is made for the fiscal year. If the appropriation is not sufficient to finance the deficiencies of the districts as determined according to subsection (2), each district will receive the same percentage of its deficiency. Surplus revenue in the second year of the biennium may be used to reduce the appropriation required for the next succeeding biennium or may be transferred to the state equalization aid state special revenue fund if revenues in that fund are insufficient to meet foundation program requirements."

Section 19. Section 20-9-501, MCA, is amended to read:

"20-9-501. Retirement fund. (1) The trustees of any district employing personnel who are members of the teachers' retirement system or the public employees' retirement system or who are covered by unemployment insurance or who are covered by any federal social security system requiring employer contributions shall establish a retirement fund for the purposes of budgeting and paying the employer's contributions to such systems. The district's contribution for each employee who is a member of the teachers' retirement system shall be calculated in accordance with Title 19, chapter 4, part 6. The district's contribution for each employee who is a member of the public employees' retirement system shall be calculated in accordance with 19-3-801. The district may levy a special tax to pay its contribution to the public employees' retirement system under the conditions prescribed in 19-3-204. The district's contributions for each employee covered by any federal social security system shall be paid in accordance with federal law and regulation. The district's contribution for each employee who is covered by unemployment insurance shall be paid in accordance with Title 39, chapter 51, part 11.

(2) The trustees of any district required to make a contribution to any such system shall include in the retirement fund of the preliminary budget the estimated

1 amount of the employer's contribution and such additional
 2 moneys, within legal limitations, as they may wish to
 3 provide for the retirement fund cash reserve. After the
 4 final retirement fund budget has been adopted, the trustees
 5 shall pay the employer contributions to such systems in
 6 accordance with the financial administration provisions of
 7 this title.

8 (3) When the final retirement fund budget has been
 9 adopted, the county superintendent shall establish the levy
 10 requirement by:

11 (a) determining the sum of the moneys available to
 12 reduce the retirement fund levy requirement by adding:

13 (i) any anticipated moneys that may be realized in the
 14 retirement fund during the ensuing school fiscal year,
 15 including anticipated ~~motor-vehicle-fees--and--reimbursement~~
 16 ~~under--the--provisions-of-61-3-532-and-61-3-536~~ revenue from
 17 vehicle property taxes imposed under 61-3-504(2) AND
 18 [SECTION 39];

19 (ii) net proceeds taxes for new production, as defined
 20 in 15-23-601; and

21 (iii) any cash available for reappropriation as
 22 determined by subtracting the amount of the end-of-the-year
 23 cash balance earmarked as the retirement fund cash reserve
 24 for the ensuing school fiscal year by the trustees from the
 25 end-of-the-year cash balance in the retirement fund. The

1 retirement fund cash reserve shall not be more than 35% of
 2 the final retirement fund budget for the ensuing school
 3 fiscal year and shall be used for the purpose of paying
 4 retirement fund warrants issued by the district under the
 5 final retirement fund budget.

6 (b) subtracting the total of the moneys available for
 7 reduction of the levy requirement as determined in
 8 subsection (3)(a) from the budgeted amount for expenditures
 9 in the final retirement fund budget.

10 (4) The county superintendent shall total the net
 11 retirement fund levy requirements separately for all
 12 elementary school districts, all high school districts, and
 13 all community college districts of the county, including any
 14 prorated joint district or special education cooperative
 15 agreement levy requirements, and shall report each such levy
 16 requirement to the county commissioners on the second Monday
 17 of August as the respective county levy requirements for
 18 elementary district, high school district, and community
 19 college district retirement funds. The county commissioners
 20 shall fix and set such county levy in accordance with
 21 20-9-142.

22 (5) The net retirement fund levy requirement for a
 23 joint elementary district or a joint high school district
 24 shall be prorated to each county in which a part of such
 25 district is located in the same proportion as the district

1 ANB of the joint district is distributed by pupil residence
2 in each such county. The county superintendents of the
3 counties affected shall jointly determine the net retirement
4 fund levy requirement for each county as provided in
5 20-9-151.

6 (6) The net retirement fund levy requirement for
7 districts that are members of special education cooperative
8 agreements shall be prorated to each county in which such
9 district is located in the same proportion as the budget for
10 the special education cooperative agreement of the district
11 bears to the total budget of the cooperative. The county
12 superintendents of the counties affected shall jointly
13 determine the net retirement fund levy requirement for each
14 county in the same manner as provided in 20-9-151 and fix
15 and levy the net retirement fund levy for each county in the
16 same manner as provided in 20-9-152."

17 Section 20. Section 20-10-144, MCA, is amended to
18 read:

19 "20-10-144. Computation of revenues and net tax levy
20 requirements for the transportation fund budget. Before the
21 fourth Monday of July and in accordance with 20-9-123, the
22 county superintendent shall compute the revenue available to
23 finance the transportation fund budget of each district. The
24 county superintendent shall compute the revenue for each
25 district on the following basis:

1 (1) The "schedule amount" of the preliminary budget
2 expenditures that is derived from the rate schedules in
3 20-10-141 and 20-10-142 shall be determined by adding the
4 following amounts:

5 (a) the sum of the maximum reimbursable expenditures
6 for all approved school bus routes maintained by the
7 district (to determine the maximum reimbursable expenditure,
8 multiply the applicable rate per bus mile by the total
9 number of miles to be traveled during the ensuing school
10 fiscal year on each bus route approved by the county
11 transportation committee and maintained by such district);
12 plus

13 (b) the total of all individual transportation per
14 diem reimbursement rates for such district as determined
15 from the contracts submitted by the district multiplied by
16 the number of pupil-instruction days scheduled for the
17 ensuing school attendance year; plus

18 (c) any estimated costs for supervised home study or
19 supervised correspondence study for the ensuing school
20 fiscal year; plus

21 (d) the amount budgeted on the preliminary budget for
22 the contingency amount permitted in 20-10-143, except if
23 such amount exceeds 10% of the total of subsections (1)(a),
24 (1)(b), and (1)(c) or \$100, whichever is larger, the
25 contingency amount on the preliminary budget shall be

1 reduced to such limitation amount and used in this
2 determination of the schedule amount.

3 (2) The schedule amount determined in subsection (1)
4 or the total preliminary transportation fund budget,
5 whichever is smaller, shall be divided by 3 and the
6 resulting one-third amount shall be used to determine the
7 available state and county revenue to be budgeted on the
8 following basis:

9 (a) the resulting one-third amount shall be the
10 budgeted state transportation reimbursement, except that the
11 state transportation reimbursement for the transportation of
12 special education pupils under the provisions of 20-7-442
13 shall be two-thirds of the schedule amount attributed to the
14 transportation of special education pupils;

15 (b) the resulting one-third amount, except as provided
16 for joint elementary districts in subsection (2)(e), shall
17 be the budgeted county transportation reimbursement for
18 elementary districts and shall be financed by the basic
19 county tax under the provisions of 20-9-334;

20 (c) the resulting one-third amount multiplied by 2
21 shall be the budgeted county transportation reimbursement
22 amount for high school districts financed under the
23 provisions of subsection (5) of this section, except as
24 provided for joint high school districts in subsection
25 (2)(e), and except that the county transportation

1 reimbursement for the transportation of special education
2 pupils under the provisions of 20-7-442 shall be one-third
3 of the schedule amount attributed to the transportation of
4 special education pupils;

5 (d) when the district has a sufficient amount of cash
6 for reappropriation and other sources of district revenue,
7 as determined in subsection (3), to reduce the total
8 district obligation for financing to zero, any remaining
9 amount of such district revenue and cash reappropriated
10 shall be used to reduce the county financing obligation in
11 subsections (2)(b) or (2)(c) and, if such county financing
12 obligations are reduced to zero, to reduce the state
13 financial obligation in subsection (2)(a); and

14 (e) the county revenue requirement for a joint
15 district, after the application of any district moneys under
16 subsection (2)(d) above, shall be prorated to each county
17 incorporated by the joint district in the same proportion as
18 the ANB of the joint district is distributed by pupil
19 residence in each such county.

20 (3) The total of the moneys available for the
21 reduction of property tax on the district for the
22 transportation fund shall be determined by totaling:

23 (a) anticipated federal moneys received under the
24 provisions of Title I of Public Law 81-874 or other
25 anticipated federal moneys received in lieu of such federal

1 act; plus

2 (b) anticipated payments from other districts for

3 providing school bus transportation services for such

4 district; plus

5 (c) anticipated payments from a parent or guardian for

6 providing school bus transportation services for his child;

7 plus

8 (d) anticipated interest to be earned by the

9 investment of transportation fund cash in accordance with

10 the provisions of 20-9-213(4); plus

11 (e) anticipated ~~motor--vehicle-fees-and-reimbursement~~

12 ~~under-the-provisions-of-61-3-532-and-61-3-536~~ revenue from

13 vehicle property taxes imposed under 61-3-504(2) AND

14 [SECTION 39]; plus

15 (f) net proceeds taxes for new production, as defined

16 in 15-23-601; plus

17 (g) any other revenue anticipated by the trustees to

18 be earned during the ensuing school fiscal year which may be

19 used to finance the transportation fund; plus

20 (h) any cash available for reappropriation as

21 determined by subtracting the amount of the end-of-the-year

22 cash balance earmarked as the transportation fund cash

23 reserve for the ensuing school fiscal year by the trustees

24 from the end-of-the-year cash balance in the transportation

25 fund. Such cash reserve shall not be more than 20% of the

1 final transportation fund budget for the ensuing school

2 fiscal year and shall be for the purpose of paying

3 transportation fund warrants issued by the district under

4 the final transportation fund budget.

5 (4) The district levy requirement for each district's

6 transportation fund shall be computed by:

7 (a) subtracting the schedule amount calculated in

8 subsection (1) from the total preliminary transportation

9 budget amount and, for an elementary district, adding such

10 difference to the district obligation to finance one-third

11 of the schedule amount as determined in subsection (2); and

12 (b) subtracting the amount of moneys available to

13 reduce the property tax on the district, as determined in

14 subsection (3), from the amount determined in subsection

15 (4)(a) above.

16 (5) The county levy requirement for the financing of

17 the county transportation reimbursement to high school

18 districts shall be computed by adding all such requirements

19 for all the high school districts of the county, including

20 the county's obligation for reimbursements in joint high

21 school districts.

22 (6) The transportation fund levy requirements

23 determined in subsection (4) for each district and in

24 subsection (5) for the county shall be reported to the

25 county commissioners on the second Monday of August by the

1 county superintendent as the transportation fund levy
2 requirements for the district and for the county, and such
3 levies shall be made by the county commissioners in
4 accordance with 20-9-142."

5 Section 21. Section 61-1-130, MCA, is amended to read:

6 "61-1-130. Motor home. "Motor home" ~~as--used--in~~
7 ~~61-3-521--and--61-3-522~~ means a self-propelled motor vehicle
8 originally designed or permanently altered to provide
9 temporary facilities for recreational, travel, or camping
10 use."

11 Section 22. Section 61-1-131, MCA, is amended to read:

12 "61-1-131. Travel trailer. "Travel trailer" ~~as-used-in~~
13 ~~61-3-521--and--61-3-523~~ means a trailer 45 feet or less in
14 length and 8 feet or less in width originally designed or
15 permanently altered to provide temporary facilities for
16 recreational, travel, or camping use and not used as a
17 principal residence."

18 Section 23. Section 61-3-303, MCA, is amended to read:

19 "61-3-303. Application for registration. (1) Every
20 owner of a motor vehicle operated or driven upon the public
21 highways of this state shall for each motor vehicle owned,
22 except as herein otherwise expressly provided, file or cause
23 to be filed in the office of the county treasurer where the
24 motor vehicle is owned or taxable an application for
25 registration or reregistration upon a blank form to be

1 prepared and furnished by the department. The application
2 shall contain:

3 (a) name and address of owner, giving county, school
4 district, and town or city within whose corporate limits the
5 motor vehicle is taxable, if taxable, or within whose
6 corporate limits the owner's residence is located if the
7 motor vehicle is not taxable;

8 (b) name and address of the holder of any security
9 interest in the motor vehicle;

10 (c) description of motor vehicle, including make, year
11 model, engine or serial number, manufacturer's model or
12 letter, gross weight, type of body, and if truck, the rated
13 capacity;

14 (d) in case of reregistration, the license number for
15 the preceding year; and

16 (e) such other information as the department may
17 require.

18 (2) A person who files an application for registration
19 or reregistration of a motor vehicle, except of a mobile
20 home as defined in 15-1-101(1), shall upon the filing of the
21 application pay to the county treasurer:

22 (a) the registration fee, as provided in 61-3-311 and
23 61-3-321; and

24 (b) unless it has been previously paid:

25 (i) the personal property taxes assessed against the

1 vehicle for the current year of registration and the
2 immediately previous year; or

3 (ii) the new motor vehicle sales tax against the
4 vehicle for the current year of registration. ~~and/or--the~~
5 ~~license--fee--imposed--by--61-3-332--for--the--current--year--of~~
6 ~~registration--and--the--immediately--previous--year--or~~

7 ~~{iii}--in--the--case--of--a--motorcycle--quadricycle--motor~~
8 ~~home--travel--trailer--or--camper--the--fee--in--lieu--of--property~~
9 ~~tax--for--the--current--year--of--registration--~~

10 (3) The application may not be accepted by the county
11 treasurer unless the payments required by subsection (2)
12 accompany the application. The county treasurer may not
13 assess or collect taxes or fees for a period other than:

14 (a) the current year; and

15 (b) the immediately previous year, if the vehicle was
16 not registered or operated on the highways of the state,
17 regardless of the period of time since the vehicle was
18 previously registered or operated.

19 (4) The county treasurer may make full and complete
20 investigation of the tax status of the vehicle. Any
21 applicant for registration or reregistration must submit
22 proof from the tax or other appropriate records of the
23 proper county at the request of the county treasurer."

24 Section 24. Section 61-3-332, MCA, is amended to read:

25 "61-3-332. Number plates. (1) Every motor vehicle

1 which shall be driven upon the streets or highways of this
2 state shall display both front and rear a number plate,
3 bearing the distinctive number assigned such vehicle. Such
4 number plate shall be in eight series: one series for owners
5 of motorcars, one for owners of motor vehicles of the
6 motorcycle or quadricycle type, one for trailers, one for
7 trucks, one for dealers in vehicles of the motorcycle or
8 quadricycle type which shall bear the distinctive letters
9 "MCD" or the letters "MC" and the word "DEALER", one for
10 franchised dealers in new motorcars (including trucks and
11 trailers) or new and used motorcars (including trucks and
12 trailers) which shall bear the distinctive letter "D" or the
13 word "DEALER", one for dealers in used motorcars only
14 (including used trucks and trailers) which shall bear the
15 distinctive letters "UD" or the letter "U" and the word
16 "DEALER", and one for dealers in trailers and/or
17 semitrailers (new or used) which shall bear the distinctive
18 letters "DTR" or the letters "TR" and the word "DEALER". All
19 such markings for the aforementioned kinds of dealers'
20 plates shall be placed on the number plates assigned thereto
21 in such position thereon as the department may designate.

22 (2) All number plates for motor vehicles shall be
23 issued for a minimum period of 4 years, shall bear a
24 distinctive marking, and shall be furnished by the state.
25 In years when number plates are not issued, the department

1 shall provide nonremovable stickers bearing appropriate
2 registration numbers, which shall be affixed to the license
3 plates in use.

4 (3) In the case of motorcars and trucks, plates shall
5 be of metal 6 inches wide and 12 inches in length. The
6 outline of the state of Montana shall be used as a
7 distinctive border on such license plates, and the word
8 "Montana" with the year shall be placed across the plates.
9 Such registration plates shall be treated with a
10 reflectorized background material according to
11 specifications prescribed by the department.

12 (4) The distinctive registration numbers shall begin
13 with a number one or with a letter-number combination such
14 as "A 1" or "AA 1", or any other similar combination of
15 letters and numbers. The distinctive registration number or
16 letter-number combination assigned to the vehicle shall
17 appear on the plate preceded by the number of the county and
18 appearing in horizontal order on the same horizontal
19 baseline, and the county number shall be separated from the
20 distinctive registration number by a separation mark unless
21 a letter-number combination is used. The dimensions of such
22 numerals and letters shall be determined by the department,
23 provided that all county and registration numbers shall be
24 of equal height.

25 (5) For the use of tax-exempt motor vehicles ~~that are~~

1 ~~also-exempt-from-the-light-vehicle-license-fee--as--provided~~
2 ~~in--subsection--(2)(a)--of--61-3-532~~, in addition to the
3 markings herein provided, number plates shall have thereon
4 the following distinctive markings:

5 (a) For vehicles owned by the state the department may
6 designate the prefix number for the various state
7 departments, and all numbered plates issued to state
8 departments shall bear the words "State Owned" and no year
9 number will be indicated thereon as these numbered plates
10 will be of a permanent nature and will be replaced by the
11 department at such time when the physical condition of
12 numbered plates requires same.

13 (b) For vehicles owned by the counties,
14 municipalities, irrigation districts organized under the
15 laws of Montana and not operating for profit, and school
16 districts and used and operated by officials and employees
17 thereof in line of duty as such, and for vehicles on loan
18 from the United States government or the state of Montana,
19 to, or owned by, the civil air patrol and used and operated
20 by officials and employees thereof in the line of duty as
21 such, there shall be placed on the number plates assigned
22 thereto, in such position thereon as the department may
23 designate, the letter "X" or the word "EXEMPT". Distinctive
24 registration numbers for plates assigned to motor vehicles
25 of each of the counties in the state and those of the

1 municipalities and school districts situated within each of
 2 said counties and those of the irrigation districts which
 3 obtain plates within each county shall begin with number one
 4 and be numbered consecutively.

5 (6) On all number plates assigned to motor vehicles of
 6 the truck and trailer type, other than tax-exempt trucks
 7 ~~that--are--also-exempt-from-the-light-vehicle-license-fee-as~~
 8 ~~provided-in-subsection-(2)(a)-of--61-3-532~~ and tax--exempt
 9 tax-exempt trailers, there shall appear the letter "T" or
 10 the word "TRUCK" for plates assigned to trucks and the
 11 letters "TR" or the word "TRAILER" for plates assigned to
 12 trailers and housetrailer. The letters "MC" or the word
 13 "CYCLE" shall appear for plates assigned to vehicles of the
 14 motorcycle or quadricycle type.

15 (7) Number plates issued to a passenger car, truck,
 16 trailer, or vehicle of the motorcycle or quadricycle type
 17 may be transferred only to a replacement passenger car,
 18 truck, trailer, or motorcycle- or quadricycle-type vehicle.
 19 No registration or license fee may be assessed upon a
 20 transfer of a number plate under 61-3-317 and 61-3-335.

21 (8) For the purpose of this chapter, the several
 22 counties of the state shall be assigned numbers as follows:
 23 Silver Bow, 1; Cascade, 2; Yellowstone, 3; Missoula, 4;
 24 Lewis and Clark, 5; Gallatin, 6; Flathead, 7; Fergus, 8;
 25 Powder River, 9; Carbon, 10; Phillips, 11; Hill, 12;

1 Ravalli, 13; Custer, 14; Lake, 15; Dawson, 16; Roosevelt,
 2 17; Beaverhead, 18; Chouteau, 19; Valley, 20; Toole, 21; Big
 3 Horn, 22; Musselshell, 23; Blaine, 24; Madison, 25; Pondera,
 4 26; Richland, 27; Powell, 28; Rosebud, 29; Deer Lodge, 30;
 5 Teton, 31; Stillwater, 32; Treasure, 33; Sheridan, 34;
 6 Sanders, 35; Judith Basin, 36; Daniels, 37; Glacier, 38;
 7 Fallon, 39; Sweet Grass, 40; McCone, 41; Carter, 42;
 8 Broadwater, 43; Wheatland, 44; Prairie, 45; Granite, 46;
 9 Meagher, 47; Liberty, 48; Park, 49; Garfield, 50; Jefferson,
 10 51; Wibaux, 52; Golden Valley, 53; Mineral, 54; Petroleum,
 11 55; Lincoln, 56. Any new counties shall be assigned numbers
 12 by the department as they may be formed, beginning with the
 13 number 57."

14 Section 25. Section 61-3-431, MCA, is amended to read:

15 "61-3-431. Special mobile equipment -- exemption from
 16 registration and payment of fees and charges --
 17 identification plate -- publicly owned special mobile
 18 equipment. (1) A person, firm, partnership, or corporation
 19 who owns, leases, or rents special mobile equipment as
 20 defined in 61-1-104 and occasionally moves that equipment
 21 on, over, or across the highways of the state is not subject
 22 to registration of that equipment or required to pay the
 23 fees and charges provided for in 61-3-502, 61-4-301 through
 24 61-4-308, or part 2 of chapter 10. Prior to movement on the
 25 highways, however, each piece of equipment shall display an

1 equipment identification plate or a dealer's license plate
2 attached to the equipment.

3 (2) Annual application for the identification plate
4 shall be made to the county treasurer before any piece of
5 equipment is moved on the highways. Application shall be
6 made on a form furnished by the department of justice,
7 together with the payment of a fee of \$5. The equipment for
8 which a special mobile equipment plate is sought is subject
9 to the assessment of personal property taxes on the date
10 application is made for the plate. The personal property
11 taxes assessed against the special mobile equipment must be
12 paid before the issuance of a special mobile equipment
13 plate. The fees collected under this section belong to the
14 county road fund.

15 (3) The identification plate expires on December 31 of
16 each year. If the expired identification plate is displayed,
17 an owner of special mobile equipment registered under the
18 provisions of this section is entitled to operate the
19 equipment between January 1 and February 15 following
20 expiration without displaying the identification plate or
21 receipt of the current year.

22 (4) Publicly owned special mobile equipment and
23 implements of husbandry used exclusively by an owner in the
24 conduct of his own farming operations are exempt from this
25 section."

1 Section 26. Section 61-3-501, MCA, is amended to read:
2 "61-3-501. When vehicle taxes and fees are due. (1)
3 Property taxes, new car taxes, ~~light-vehicle-license-fees,~~
4 ~~and fees in-lieu-of-tax-on-a-motorcycle,quadricycle,--motor~~
5 ~~home,--or--travel--trailer~~ must be paid on the date of
6 registration or reregistration of the vehicle.

7 (2) If the anniversary date for reregistration of a
8 vehicle passes while the vehicle is owned and held for sale
9 by a licensed new or used car dealer, property taxes, ~~light~~
10 ~~vehicle--license--fees,--or--the--fee--in--lieu--of--property--taxes~~
11 abate on such vehicle properly reported with the department
12 of revenue until the vehicle is sold and thereafter the
13 purchaser shall pay the pro rata balance of the taxes ~~or--the~~
14 ~~fee--in--lieu--of--tax~~ due and owing on the vehicle.

15 (3) In the event a vehicle's registration period is
16 changed under 61-3-315, all taxes and other fees due thereon
17 shall be prorated and paid from the last day of the old
18 period until the first day of the new period in which the
19 vehicle shall be registered. Thereafter taxes and other fees
20 must be paid from the first day of the new period for a
21 minimum period of 1 year. When the change is to a later
22 registration period, taxes and fees shall be prorated and
23 paid based on the same tax year as the original registration
24 period. Thereafter, during the appropriate anniversary
25 registration period, each vehicle shall again register or

1 reregister and shall pay all taxes and fees due thereon for
2 a 12-month period."

3 Section 27. Section 61-3-502, MCA, is amended to read:

4 "61-3-502. Sales tax on new motor vehicles --
5 exemptions. (1) In consideration of the right to use the
6 highways of the state, there is imposed a tax upon all sales
7 of new motor vehicles for which a license is sought and an
8 original application for title is made. The tax shall be
9 paid by the purchaser when he applies for his original
10 Montana license through the county treasurer.

11 (2) Except as provided in subsection (4), the sales
12 tax shall be:

13 (a) 1 1/2% of the f.o.b. factory list price or f.o.b.
14 port-of-entry list price, during the first quarter of the
15 year or for a registration period other than a calendar year
16 or calendar quarter;

17 (b) 1 1/8% of the list price during the second quarter
18 of the year;

19 (c) 3/4 of 1% during the third quarter of the year;

20 (d) 3/8 of 1% during the fourth quarter of the year.

21 (3) If the manufacturer or importer fails to furnish
22 the f.o.b. factory list price or f.o.b. port-of-entry list
23 price, the department may use published price lists.

24 (4) The new car sales tax on vehicles subject to the
25 provisions of 61-3-313 through 61-3-316 is 1 1/2% of the

1 f.o.b. factory list price or f.o.b. port-of-entry list price
2 regardless of the month in which the new vehicle is
3 purchased.

4 (5) The proceeds from this tax shall be remitted to
5 the state treasurer every 30 days for credit to the state
6 highway account of the state special revenue fund.

7 (6) The new vehicle ~~is subject to the light vehicle~~
8 ~~license fee, if applicable, but~~ is not subject to any other
9 ~~assessment, taxation, or fee in lieu of tax or tax~~ during
10 the calendar year in which the original application for
11 title is made.

12 (7) (a) The applicant for original registration of any
13 new and unused motor vehicle, or a new motor vehicle
14 furnished without charge by a dealer to a school district
15 for use as a traffic education motor vehicle by a school
16 district operating a state-approved traffic education
17 program within the state, whether or not previously licensed
18 or titled to the school district (except a mobile home as
19 defined in 15-1-101(1)), acquired by original contract after
20 January 1 of any year, is required, whenever the vehicle has
21 not been otherwise assessed, to pay the motor vehicle sales
22 tax provided by this section irrespective of whether the
23 vehicle was in the state of Montana on January 1 of the
24 year.

25 (b) No motor vehicle may be registered or licensed

under the provisions of this subsection unless the application for registration is accompanied by a statement of origin to be furnished by the dealer selling the vehicle, showing that the vehicle has not previously been registered or owned, except as otherwise provided herein, by any person, firm, corporation, or association that is not a new motor vehicle dealer holding a franchise or distribution agreement from a new car manufacturer, distributor, or importer.

(8) (a) Motor vehicles operating exclusively for transportation of persons for hire within the limits of incorporated cities or towns and within 15 miles from such limits are exempt from subsection (1).

(b) Motor vehicles brought or driven into Montana by a nonresident, migratory, bona fide agricultural worker temporarily employed in agricultural work in this state where those motor vehicles are used exclusively for transportation of agricultural workers are also exempt from subsection (1).

(c) Vehicles lawfully displaying a licensed dealer's plate as provided in 61-4-103 are exempt from subsection (1) when moving to or from a dealer's place of business when unloaded or loaded with dealer's property only, and in the case of vehicles having a gross loaded weight of less than 24,000 pounds, while being demonstrated in the course of the

dealer's business."

Section 28. Section 61-3-503, MCA, is amended to read:

"61-3-503. Assessment. (1) Except as provided in subsection (2), the following apply to the taxation of motor vehicles:

(a) Except as provided in subsection subsections (1)(c) through (1)(e), a person who files an application for registration or reregistration of a motor vehicle shall before filing such application with the county treasurer submit the application to the county assessor. The county assessor shall enter on the application in a space to be provided for that purpose the market value and taxable value of the vehicle as of January 1 of the year for which the application for registration is made.

(b) Except as provided in subsection (1)(c), motor vehicles are assessed for taxes on January 1 in each year irrespective of the time fixed by law for the assessment of other classes of personal property and irrespective of whether the levy and tax may be a lien upon real property within the state. In no event may any motor vehicle be subject to assessment, levy, and taxation more than once in each year.

(c) Vehicles subject to the provisions of 61-3-313 through 61-3-316 shall be assessed by the county treasurer as of the first day of the registration period, using the

1 market average trade-in, or wholesale, value as of January 1
 2 of the year of assessment of the vehicle as contained in the
 3 most recent volume of the Mountain States Edition of the
 4 National Automobile Dealers Association (N.A.D.A.) Official
 5 Used Car Guide or of the National Edition of N.A.D.A.
 6 Appraisal Guides Official Older Used Car Guide, not
 7 including additions or deductions for options and mileage;
 8 and a lien for taxes and fees due thereon shall occur on the
 9 anniversary date of the registration and shall continue
 10 until such fees and taxes have been paid.

11 (d) Motorcycles, quadricycles, motor homes, travel
 12 trailers, and campers shall be assessed by--the--county
 13 treasurer, using the greater of the following:

14 (i) \$1,000; or

15 (ii) the average trade-in, or wholesale, value as of
 16 January 1 of the year of assessment of the vehicle as
 17 contained in the most recent volume of the applicable
 18 National Edition of the N.A.D.A. Motorcycle/Moped/ATV
 19 Appraisal Guide or N.A.D.A. Recreational Vehicle Appraisal
 20 Guide, not including additions or deductions for options and
 21 mileage.

22 (e) If a vehicle assessed under subsection (1)(c) or
 23 (1)(d) is not originally listed in the applicable N.A.D.A.
 24 guide, the county treasurer ASSESSOR shall depreciate the
 25 original f.o.b. factory list price or f.o.b. port-of-entry

1 list price at the rate of 10% a year until a minimum value
 2 of \$1,000 is attained, and the value shall remain at that
 3 amount so long as the vehicle is registered. When a vehicle
 4 is no longer listed in the applicable N.A.D.A. guide, the
 5 county treasurer ASSESSOR shall depreciate the value of the
 6 vehicle at the rate of 10% a year until a minimum amount of
 7 \$1,000 is attained, and the value shall remain at that
 8 amount so long as the vehicle is registered. If--the
 9 treasurer-is-unable-to-determine-the--original--f.o.b.--list
 10 price--or-the-proper-N.A.D.A.--value-for-a-motor-vehicle, the
 11 assessor shall determine the value.

12 (2) The provisions of subsections (1)(a) through
 13 ~~(1)(e)~~ (1)(e) do not apply to automobiles-and-trucks-having
 14 ~~a-rated-capacity-of--three-quarters--of--a--ton--or--less,~~
 15 ~~motorcycles,--quadricycles,--motor-homes,--travel-trailers,--or~~
 16 ~~mobile homes as defined in 15-1-101(1)."~~

17 Section 29. Section 61-3-504, MCA, is amended to read:

18 "61-3-504. Computation of tax. (1) The amount of taxes
 19 on a motor vehicle, other than an automobile, truck having a
 20 rated capacity of three-quarters of a ton or less,
 21 motorcycle, quadricycle, motor home, travel trailer, camper,
 22 or mobile home as-defined-in-15-1-101(1), is computed and
 23 determined by the county treasurer on the basis of the levy
 24 of the year preceding the current year of application for
 25 registration or reregistration.

(2) (A) The amount of tax on an automobile or truck having a rated capacity of three-quarters of a ton or less, EXCEPT FOR VEHICLES OWNED BY DISABLED VETERANS QUALIFYING FOR SPECIAL LICENSE PLATES UNDER 61-3-451, and on a motorcycle, OR quadricycle, motor-home, travel-trailer, or camper is determined by the county treasurer and is based on 2+5% 2% of the value determined under 61-3-503.

(B) THE AMOUNT OF TAX ON A MOTOR HOME, TRAVEL TRAILER, OR CAMPER IS DETERMINED BY THE COUNTY TREASURER AND IS BASED ON 1% OF THE VALUE DETERMINED UNDER 61-3-503.

(3) The--determination For all motor vehicles, the amount of tax is entered on the application form in a space provided therefor."

Section 30. Section 61-3-506, MCA, is amended to read:

"61-3-506. Rules. The department of revenue shall adopt rules for the payment of property taxes ~~and--fees--in-lieu--of-property-taxes~~ and the department of highways shall adopt rules for the payment of new car taxes under the provisions of 61-3-313 through 61-3-316 and 61-3-501. The department of revenue may adopt rules for the proration of taxes ~~and--fees--in-lieu--of-taxes~~ for the implementation and administration of 61-3-313 through 61-3-316 and 61-3-501, but shall specifically provide that new car taxes shall be for a 12-month period."

Section 31. Section 61-3-509, MCA, is amended to read:

"61-3-509. (Temporary) Disposition of taxes ~~and--fees in-lieu--of--tax~~. (1) Except as provided in subsections subsection (2) and (3), the county treasurer shall credit all taxes on motor vehicles, ~~light-vehicle-license-fees provided-for-in-61-3-532,--and--fees--in-lieu--of--tax--on motorcycles,--quadricycles, motor-homes,--and--travel-trailers~~ collected under 61-3-504 AND [SECTION 39] to a motor vehicle suspense fund, and at some time between March 1 and March 10 of each year and every 60 days thereafter, the county treasurer shall distribute the money in the motor vehicle suspense fund in the relative proportions required by the levies for state, county, school district, and municipal purposes in the same manner as personal property taxes are distributed.

(2) The county treasurer shall credit the fee for district courts ~~from each light-vehicle-license-fee provided for in 61-3-533~~ to a separate suspense account and shall forward the amount in the account to the state treasurer at the time the county treasurer distributes the motor vehicle suspense fund. The state treasurer shall credit amounts received under this subsection to the general fund to be used for purposes of state funding of the district court expenses enumerated in 3-5-901.

~~(3)--The-county-treasurer-shall-credit-each-block-grant fee-to-a-separate-suspense-fund--At-the-time-he--distributes~~

~~the motor vehicle suspense fund, the treasurer shall distribute the suspense fund provided for in this subsection to the state treasurer for deposit in the local government block grant account provided for in 7-6-382. The funds distributed pursuant to this subsection must be used for the local government block grant program as provided in 7-6-384.~~

61-3-509. (Effective July 1, 1987) Disposition of taxes and fees in lieu of tax. The (1) Except as provided in subsection (2), the county treasurer shall credit all taxes on motor vehicles, ~~light vehicle license fees provided for in 61-3-532, and fees in lieu of tax on motorcycles, quadricycles, motor homes, and travel trailers~~ collected under 61-3-504 AND [SECTION 39] to a motor vehicle suspense fund, and at some time between March 1 and March 10 of each year and every 60 days thereafter, the county treasurer shall distribute the money in the motor vehicle suspense fund in the relative proportions required by the levies for state, county, school district, and municipal purposes in the same manner as personal property taxes are distributed.

(2) The county treasurer shall credit the fee for district courts provided for in 61-3-533 to a separate suspense account and shall forward the amount in the account to the state treasurer at the time the county treasurer distributes the motor vehicle suspense fund. The state treasurer shall credit amounts received under this

subsection to the general fund to be used for purposes of state funding of the district court expenses enumerated in 3-5-901."

Section 32. Section 61-3-524, MCA, is amended to read:

"61-3-524. Fee-paid Tax-paid decal required on camper -- application for decal -- application fee -- issuance. (1) No camper, subject to taxation in Montana, may be operated by any person on the public highways or streets in this state unless there is displayed in a conspicuous place thereon a decal as visual proof that the ~~fee-in-lieu-of tax~~ has been paid thereon for the current year.

(2) Application for the issuance of the decal shall be made to the department of revenue or the county treasurer upon forms to be furnished for this purpose, which may be obtained from the department or at the county treasurer's office in the county wherein the owner resides, and is to provide for substantially the following information:

(a) name of owner;

(b) address;

(c) name of manufacturer;

(d) model number;

(e) make;

(f) year of manufacture;

(g) statement evidencing payment of the ~~fee-in-lieu-of~~ property tax; and

1 (h) such other information as the department may
2 require.

3 (3) The application must be signed by the county
4 treasurer and transmitted by him to the department
5 accompanied by an application fee of \$1. Upon receipt of the
6 application in approved form the department or county
7 treasurer shall issue to the applicant a decal in the style
8 and design prescribed by the department and of a different
9 color than the preceding year, numbered numerically."

10 Section 33. Section 61-3-531, MCA, is amended to read:

11 "61-3-531. Light vehicle-fee vehicles -- definitions.
12 As used in 61-3-531--through--61-3-536 61-3-533 through
13 61-3-535, the following definitions apply:

14 (1) "Light vehicle" means an automobile or a truck
15 having a rated capacity of three-quarters of a ton or less.

16 (2) "Vehicle age" means the difference between the
17 calendar year of the first day of the registration period
18 and the manufacturer's designated model year."

19 Section 34. Section 61-3-533, MCA, is amended to read:

20 "61-3-533. (Temporary) Schedule-of-fees District court
21 fee for automobiles-and-light-trucks vehicles. (i)-Except-as
22 provided-in-subsection-(3), the The (1) EXCEPT AS PROVIDED
23 IN SUBSECTION (2), THE following schedule, based on vehicle
24 age and weight, is used to determine the a district court
25 fee imposed-by-61-3-532:

Vehicle Age	Weight	Block Grant	District Court Fee	Weight More Than 27850 Pounds or-less	Block Grant Fee	District Court Fee
Less than or equal to 4 years	\$70	\$6	\$7	\$90	\$7.50	\$7
More than 4 years and less than 8 years old	40	3	5	50	4	5
and over 10	1.50	2.50	15	2	2.50	

26 (2)--(a)--The--fee--for--a--light--vehicle--is--determined--by--
27 (i)--multiplying--the--appropriate--dollar--amount--from--the
28 table--in--subsection--(1)--but--not--the--block--grant--fee--or--the
29 district--court--fee--by--the--ratio--of--the--PEE--for--the--second
30 quarter--of--the--year--prior--to--the--year--of--licensing--to--the
31 PEE--for--the--second--quarter--of--1981--and
32 (ii)--rounding--the--product--thus--obtained--to--the--nearest
33 whole--dollar--amount--
34 (b)--"PEE"--means--the--implicit--price--deflator--for
35 personal--consumption--expenditures--as--published--quarterly--in

the Survey of Current Business by the bureau of economic analysis of the United States department of commerce.

(3) The light vehicle license fee for disabled veterans qualifying under the provisions of 61-3-451 through 61-3-455 is \$87 with \$3 of the fee earmarked for district courts.

(2) THE DISTRICT COURT FEE FOR A LIGHT VEHICLE OWNED BY A DISABLED VETERAN QUALIFYING FOR SPECIAL LICENSE PLATES UNDER 61-3-451 IS \$3.

61-3-533. (Effective July 1, 1987) Schedule of fees District court fee for automobiles and light trucks vehicles. (1) Except as provided in subsection (3), the (1) EXCEPT AS PROVIDED IN SUBSECTION (2), THE following schedule, based on vehicle age and weight, is used to determine the a district court fee imposed by 61-3-532:

Vehicle Age	Weight District Court Fee	
	2,850-Pounds or Less	More Than 2,850-Pounds
Less than or equal to 4 years	\$70 \$7	\$90
More than 4 years and less than 8 years	40 5	50
8 years old and over	10 2.50	15

(2) (a) The fee for a light vehicle is determined by: (i) multiplying the appropriate dollar amount from the table in subsection (1) by the ratio of the PEE for the

second quarter of the year prior to the year of licensing to the PEE for the second quarter of 1981; and

(ii) rounding the product thus obtained to the nearest whole dollar amount.

(b) "PEE" means the implicit price deflator for personal consumption expenditures as published quarterly in the Survey of Current Business by the bureau of economic analysis of the United States department of commerce.

(3) The light vehicle license fee for disabled veterans qualifying under the provisions of 61-3-451 through 61-3-455 is \$5.

(2) THE DISTRICT COURT FEE FOR A LIGHT VEHICLE OWNED BY A DISABLED VETERAN QUALIFYING FOR SPECIAL LICENSE PLATES UNDER 61-3-451 IS \$3."

Section 35. Section 61-3-534, MCA, is amended to read:

"61-3-534. Payment of fee property tax required for operation. (1) No light vehicle subject to the fee imposed by 61-3-532 a property tax may be operated unless the fee tax has been paid and the vehicle is licensed.

(2) A properly licensed and registered light vehicle may be operated within Montana, subject to all applicable federal, state, and local laws."

Section 36. Section 61-3-535, MCA, is amended to read:

"61-3-535. Light vehicle Vehicle reregistration by mail. (1) The department shall develop a procedure to permit

1 the reregistration of light vehicles and other vehicles
 2 subject to tax under 61-3-504(2) with the county treasurer
 3 by mail at the option of the owner of the vehicle. The
 4 option to reregister by mail need only be made available for
 5 vehicles registered at the close of the expiring
 6 registration period in the name of the applicant for
 7 reregistration.

8 (2) The form to be returned to the county treasurer by
 9 the applicant, with the appropriate tax and fees, is to
 10 contain a statement, to be subscribed to by the applicant,
 11 stating compliance with the financial liability requirements
 12 of 61-6-301.

13 ~~{3}--The procedure for mail reregistration must be in~~
 14 ~~effect by January 17, 1982.~~

15 ~~{4}{3}~~ The department may adopt rules to implement the
 16 mail reregistration procedure."

17 Section 37. Section 61-3-701, MCA, is amended to read:

18 "61-3-701. Foreign vehicles used in gainful occupation
 19 to be registered -- reciprocity. (1) Before any foreign
 20 licensed motor vehicle may be operated on the highways of
 21 this state for hire, compensation, or profit or before the
 22 owner and/or user thereof uses the vehicle if such owner
 23 and/or user is engaged in gainful occupation or business
 24 enterprise in the state, including highway work, the owner
 25 of the vehicle shall make application to a county treasurer

1 for registration upon an application form furnished by the
 2 department. Upon satisfactory evidence of ownership
 3 submitted to the county treasurer and the payment of
 4 property taxes, if appropriate, as required by 15-8-201,
 5 15-8-202, or 15-24-301, or 61-3-504, OR [SECTION 39] ~~or the~~
 6 ~~payment of the light vehicle license fee as provided by~~
 7 ~~61-3-532 or the fee in lieu of tax as provided by 61-3-541,~~
 8 the treasurer shall accept the application for registration
 9 and shall collect the regular license fee required for the
 10 vehicle.

11 (2) The treasurer shall thereupon issue to the
 12 applicant a copy of the certificate entitled "Owner's
 13 Certificate of Registration and Payment Receipt" and forward
 14 a duplicate copy of the certificate to the department. The
 15 treasurer shall at the same time issue to the applicant the
 16 proper license plates or other identification markers, which
 17 shall at all times be displayed upon the vehicle when
 18 operated or driven upon roads and highways of this state
 19 during the period of the life of the license.

20 (3) The registration receipt shall not constitute
 21 evidence of ownership but shall be used only for
 22 registration purposes. No Montana certificate of ownership
 23 shall be issued for this type of registration.

24 (4) This section is not applicable to any vehicle
 25 covered by a valid and existing reciprocal agreement or

1 declaration entered into under the provisions of the laws of
2 Montana."

3 Section 38. Section 61-6-302, MCA, is amended to read:

4 "61-6-302. Proof of compliance. (1) Except as provided
5 in subsection (2), before any applicant required to register
6 his motor vehicle may do so, the applicant must certify to
7 the county treasurer that he possesses an automobile
8 liability insurance policy, a certificate of self-insurance,
9 or a posted indemnity bond or that he is eligible for an
10 exemption under 61-6-303 covering the motor vehicle. The
11 certification shall be on a form prescribed by the
12 department. The department may immediately cancel the
13 registration and license plates of the vehicle upon
14 notification that the insurance certification was not
15 correctly represented. Any person who intentionally provides
16 false information on an insurance certification is guilty of
17 unsworn falsification to authorities, punishable as provided
18 in 45-7-203.

19 (2) An applicant for registration of ~~an automobile--or~~
20 ~~a--truck--having-a-rated-capacity-of-three-quarters-of-a-ton~~
21 ~~or-less,~~ a motor vehicle who wishes to register the vehicle
22 by mail must sign a statement on the application stating
23 that the applicant is in compliance with the financial
24 liability requirements of 61-6-301.

25 (3) An owner of a motor vehicle who ceases to maintain

1 the insurance or bond required or whose certificate of
2 self-insurance is canceled or whose vehicle ceases to be
3 exempt shall immediately surrender the registration and
4 license plates for the vehicle to the county treasurer for
5 delivery to the department and may not operate or permit
6 operation of the vehicle in Montana until insurance has
7 again been furnished as required and the vehicle is again
8 registered and licensed.

9 (4) Every person shall carry in a motor vehicle being
10 operated by him a insurance card approved by the department
11 but issued by the insurance carrier to the motor vehicle
12 owner as proof of compliance with 61-6-301. A motor vehicle
13 operator shall exhibit the insurance card upon demand of a
14 justice of the peace, a city or municipal judge, a peace
15 officer, a highway patrolman, or a field deputy or inspector
16 of the department. However, no person charged with violating
17 this subsection may be convicted if he produces in court or
18 the office of the arresting officer proof of insurance valid
19 at the time of his arrest."

20 NEW SECTION. SECTION 39. LOCAL OPTION VEHICLE TAX.

21 (1) A COUNTY MAY IMPOSE A LOCAL VEHICLE TAX ON VEHICLES
22 SUBJECT TO A PROPERTY TAX UNDER 61-3-504(2) AT THE RATE OF
23 0.5% OF THE VALUE DETERMINED UNDER 61-3-503, IN ADDITION TO
24 THE TAX IMPOSED UNDER 61-3-504(2).

25 (2) A LOCAL VEHICLE TAX IS PAYABLE AT THE SAME TIME

1 AND IN THE SAME MANNER AS THE TAX IMPOSED UNDER 61-3-504(2)
 2 AND IS DISTRIBUTED IN THE SAME MANNER, BASED ON THE
 3 REGISTRATION ADDRESS OF THE OWNER OF THE MOTOR VEHICLE.

4 (3) THE GOVERNING BODY OF A COUNTY MAY IMPOSE A LOCAL
 5 VEHICLE TAX FOR A FISCAL YEAR BY ADOPTING A RESOLUTION
 6 BEFORE JULY 1 OF THE FISCAL YEAR, AFTER CONDUCTING A PUBLIC
 7 HEARING ON THE PROPOSED RESOLUTION.

8 NEW SECTION. --Section 40. --Disposition of oil severance
 9 tax revenue. --Any amount that is received after July 1,
 10 1987, from oil severance revenues for any payment period
 11 ending before July 1, 1987, and is deposited in the local
 12 government block grant account must be distributed pursuant
 13 to Title 7, chapter 6, part 3, as that part read prior to
 14 July 1, 1987.

15 NEW SECTION. Section 40. Repealer. (1) Sections
 16 7-6-301 through 7-6-309, MCA, ARE REPEALED.

17 (2) SECTIONS 61-3-521 through 61-3-523, 61-3-532,
 18 61-3-536, 61-3-541, and 61-3-542, MCA, are repealed.

19 NEW SECTION. Section 41. Extension of authority. Any
 20 existing authority of the department of revenue, the
 21 department of justice, or the department of commerce to make
 22 rules on the subject of the provisions of this act is
 23 extended to the provisions of this act.

24 NEW SECTION. Section 42. Effective date DATES --
 25 applicability. (1) SECTION 40(1) IS EFFECTIVE JULY 1, 1987.

1 (2) This act is effective on passage and approval and
 2 applies to motor vehicles registered on or after July 1,
 3 1987.

-End-

In compliance with a written request, there is hereby submitted a Fiscal Note for SB200, third reading copy.

DESCRIPTION OF PROPOSED LEGISLATION:

An Act to replace the fee in lieu of tax on light vehicles, motorcycles, quadricycles, motor homes, travel trailers, and campers with a property tax; and providing an immediate effective date and an applicability date.

ASSUMPTIONS:

1. The taxable value of light motor vehicles in Montana in 1982 was \$185,422,083.
2. The average taxable value for light motor vehicles in 1982 was \$301.514.
3. The average retail market value of a light motor vehicle in 1982 was \$2,319.34 (average taxable divided by 13 percent class nine tax rate).
4. Inflated to January, 1986 (using Consumer Price Index for used cars Dec. 1981 - 284.3; Dec. 1985 - 369.7), the average retail market value of a light motor vehicle in Montana is \$3016. It is assumed that the average value increases by 2 percent each year into the future, yielding average values of \$3,076 for FY88 and \$3,138 for FY89 (avg. increase Dec. 1981 to Dec. 1985 was 7.5%, but values have declined in the last year).
5. There will be 677,386 light motor vehicles licensed in FY88 and 689,165 in FY89 (REAC).
6. The market value of light motor vehicles in Montana will be \$2,083,639,000 in FY88 and \$2,162,600,000 in FY89.
7. Tax rate on light motor vehicles is 2% of average trade-in value or wholesale value.
8. Average trade-in value is 80% of average retail value (1.6% effective tax rate).
9. The following age/weight distributions apply to FY88 and FY89 (REAC).

Age	FY88		FY89	
	Under 2850 lbs.	Over 2850 lbs.	Under 2850 lbs.	Over 2850 lbs.
Less Than 4 Yrs.	83,011	98,774	84,454	100,491
4 to 8 Yrs.	53,185	91,491	54,110	93,082
Over 8 Yrs.	69,263	281,662	70,468	286,560

10. The market value of motor homes, travel trailers, and campers subject to property tax in 1979 (the last year of the property tax) was \$ 61,460,800.
11. It is assumed that the market value of motor homes, travel trailers and campers in the state has increased 20 percent, to \$73,753,000, since 1979 due to growth in numbers and average values.
12. Tax rate on motor homes, travel trailers, and campers is 1% of average trade-in value or wholesale value (0.8% effective tax rate).
13. The market value of motorcycles and quadricycles in 1985 was \$17,543,852. This level is assumed to apply to FY88 and FY89.

David L. Hunter DATE 2/20/89
DAVID L. HUNTER, BUDGET DIRECTOR
Office of Budget and Program Planning

Ed Smith DATE _____
ED SMITH, PRIMARY SPONSOR

Fiscal Note for SB200, third reading copy.

SB200
#2

14. Based on the number of vehicles and the time necessary for assessments, an additional 48 (Grade 7, Step 2) clerks would be required to assess motor vehicles at the time of registration. Forms and manuals would cost \$25,000. The proposal places responsibility on the county treasurers, however, assessors would actually value the motor vehicles.
15. One-third of the oil severance tax proceeds will be \$6,404,000 in FY88 and \$6,940,000 in FY89 (REAC).
16. There will be no general fund appropriation for the block grant program in the biennium. Both the block grant fee and the district court fee are sunsetted for the end of this fiscal year.
17. Mill levies are 6 mills for the university levy, 45 mills for the foundation program and local levies average 251 mills in FY88 and 264 mills in FY89 (REAC).
18. The Block Grant program will not be fully funded by a general fund appropriation.

FISCAL IMPACT:Revenue Impact:

	FY88			FY89		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Additional General Fund						
Oil Severance Tax*	\$ 0	\$ 6,404,000	\$ 6,404,000	\$ 0	\$ 6,940,000	\$ 6,940,000
District Court Fees	0	2,873,000	2,873,000	0	2,923,000	2,923,000
Light Vehicle Fees	33,567,000	0	(33,567,000)	36,252,000	0	(36,252,000)
Block Grant Program	6,404,000	0	(6,404,000)	6,940,000	0	(6,940,000)
Light Vehicle						
Property Tax	0	33,338,224	33,338,224	0	34,601,596	34,601,596
Trailer Property Tax	0	590,024	590,024	0	590,024	590,024
Motorcycle Property Tax	0	350,900	350,900	0	350,900	350,900
Trailer Flat Fees	Not Avail.	0	(Not Avail.)	Not Avail.	0	(Not Avail.)
Motorcycle Flat Fees	Not Avail.	0	(Not Avail.)	Not Avail.	0	(Not Avail.)
Total Revenue	\$39,971,000	\$43,556,148	\$ 3,585,148	\$43,192,000	\$45,405,520	\$ 2,213,520

Expenditure Impact:

Department of Justice	\$ 0	\$ 61,460	\$ 61,460	\$ 0	\$ 61,460	\$ 61,460
Department of Revenue	0	824,200	824,200	0	824,200	824,200
Total Expenditures	\$ 0	\$ 885,660	\$ 885,660	\$ 0	\$ 885,660	\$ 885,660
Net Effect	\$39,971,000	\$42,670,488	\$ 2,699,488	\$43,192,000	\$44,519,860	\$ 1,327,860

* The proposal diverts oil severance tax collections from the block grant program to the general fund. This change in allocation is shown as a revenue impact to balance with the revenue impact with the fund distribution table.

SB 200
H.R.

Fund Information:

General Fund**	\$	0	\$ 8,391,340	\$ 8,391,340	\$	0	\$ 8,977,340	\$ 8,977,340
Property Taxes/Block Grant/Fees:								
University Levy	\$	795,263	\$ 628,018	\$ (113,245)	\$	824,967	\$ 678,862	\$ (146,105)
Foundation Program	\$	5,964,872	\$ 5,115,477	\$ (849,395)	\$	6,187,729	\$ 5,091,857	\$ (1,095,872)
Other Taxing Jurisdictions	\$	33,210,865	\$28,481,653	\$ (4,729,212)	\$	36,179,304	\$29,771,801	\$ (6,407,503)

** The net effect to the general fund would be an increase of \$7,428,700 in FY88 and \$7,735,363 in FY89. The loss in revenue to the university levy and school foundation program would have to be made up by the general fund.

EFFECT ON LOCAL GOVERNMENT REVENUES:

The impact on local government revenues is shown in the fund distribution above. If all counties adopted the 0.5% local option, an additional \$8,569,787 and \$8,885,630 would be raised in FY88 and FY89 respectively. Because the local option tax revenue would be distributed to all taxing jurisdictions, the school foundation program and university levy would benefit from local decisions to exercise the optional tax.

SB200
#2

MINUTES OF THE MEETING
TAXATION COMMITTEE
HOUSE OF REPRESENTATIVES
50TH LEGISLATIVE SESSION

March 12, 1987

The meeting of the Taxation Committee was called to order by Chairman Ramirez on March 12, 1987, at 8 a.m. in Room 312B of the State Capitol.

ROLL CALL: All members of the Committee were present, except Rep. Keenan, who was excused. Also present was Greg Petesch, Director of Legal Services, Legislative Council.

DISPOSITION OF HOUSE BILL NO. 700: Rep. Asay made a motion that HB 700 DO PASS and a motion to approve his proposed amendments to the bill (Exhibit #1). The motion CARRIED unanimously.

Sam Hubbard, Department of Commerce, said the bill was introduced to increase the availability of seed capital for Montana business.

Chairman Ramirez asked if it were correct to assume that science and technology is more knowledgeable in the start-up end of things, while capital companies have more knowledge of the business end. Mr. Hubbard replied that would be correct.

Rep. Asay made a motion that HB 700 DO PASS AS AMENDED. The motion CARRIED unanimously.

DISPOSITION OF HOUSE BILL NO. 730: Rep. Harp asked to have Terry Carmody, Montana Farmers Union, explain his proposed amendments. (Exhibit #2)

Rep. Raney asked why the Committee didn't just include motor boats. Greg Petesch advised a definition could be included in Rep. Menahan's bill for consistency.

Chairman Ramirez requested that Terry Carmody work with Greg Petesch on the proposed amendments.

Rep. Gilbert made a motion that HB 730 be TABLED. The motion CARRIED unanimously.

DISPOSITION OF HOUSE BILL NO. 751: Rep. Harp made a motion that HB 751 DO PASS, and that Rep. Winslow's amendments be approved (Exhibit #3).

Mons Tiegen, Montana Stockgrowers Association, read a resolution of that organization in opposition to the bill (Exhibit #11).

Sen. Ethel Harding, Senate District #25, urged the Committee to give the bill a do not pass recommendation.

Coleen Johnson, Helena area rancher, stated her opposition to the bill (Exhibit #12).

Rep. Al Meyers, House District #53, said the bill is taxation without representation, and that nearly all the residents of his district oppose the bill, because there is no appeals process, and the legislation will end up being a tax on property owners on reservations.

Rep. Tom Asay, House District #27, asked if any of the tribes impose any tax on members now. Louis Clayborn replied they do not, and said the process is too new. He explained that the tribes are in the process of developing codes compatible with the Department of Interior and the State of Montana. Mr. Clayborn commented that cigarettes are exempt from tribal tax, but not state tax.

Rep. Ream asked if the cooperative agreement were interpreted as must instead of may. Mr. Harbin replied that he believes people subject to the tax will be paying higher amounts than those who are not.

CLOSING ON SENATE BILL NO. 47: Sen. Gage read from an interpretation on bingo and gambling on Indian reservations, USC11-50-71, which includes patented and right of way situations.

CONSIDERATION OF SENATE BILL NO. 200: Sen. Ed Smith, Senate District #10, sponsor of SB 200, said the situation addressed by the bill is not an easy one to work out, and that he doesn't see where dollars from lost revenue will come from to balance the budget. Sen. Smith said the bill would put light vehicles back into the property tax base, and addresses motorhomes, motorcycles, and other vehicles. He stated Montana spent \$137 million to make property taxes more equitable and then took vehicles out. Sen. Smith explained that the first year would require at 1.5% sales tax, increasing to 2% thereafter.

PROPOSERS OF SENATE BILL NO. 200: Gordon Morris, Montana Association of Counties, said motor vehicles would contribute \$93 million under the bill (Exhibit #14).

Alec Hansen, Montana League of Cities and Towns, said the bill is designed to replace the block grant program and that

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the average automobile will experience only a small decrease or increase in fees, while providing local governments an easier time in anticipating revenue.

Barbara Evans, Missoula County Commissioner, stated her support of the bill as a means of district court funding.

Richard Vandiver, Fourth Judicial District, Missoula, told the Committee he would provide a copy of a report on court funding as soon as possible. (Exhibit #15)

Greg Groepper, DOR, explained that page 2 of the bill is most substantive, wherein it places vehicles not in the book in a position similar to that they would be in in the NADA book. He explained that the 70 fte who were moved from assessment to reappraisal would need to be replaced if the bill passes. Mr. Groepper also provided copies of proposed amendments.

Marvin Barber, Montana County Assessors Association, referred to Exhibit #14, and stated his support of the bill.

Phil Campbell, Montana Education Association, stated his support of the bill.

Nathan Lubergen, City of Great Falls, stated his support of the bill.

Susan Spurgem, Fergus County Treasurer and President, Montana County Treasurers Association, provided a statement in support of the bill (Exhibit #16).

Cort Harrington, Montana County Treasurers Association, said he believed the bill would address the block grant program.

Terry Carmody, Montana Farmers Union, Montana Grain Growers, Montana Federation of Teachers and Federal Employees, stated his support of the bill.

Brenda Schye, Montana Cultural Advocacy, read from a prepared statement in support of the bill, and provided a statement from the Library Commission and the State Library Association.

Jim Halverson, Roosevelt County Commissioner, and fiscal officer for the Montana Association of Counties, stated his support of the bill.

Ron Preston, City of Missoula, stated his support of the bill.

TAXATION COMMITTEE

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Doug Schmitz, Jefferson County Commissioner, stated his support of the bill.

OPPONENTS OF SENATE BILL NO. 200: Tom Harrison, Montana Auto Dealers Association, and Montana Automobile Association, requested that the Committee look at the fiscal note which, he said, is actually misleading. He explained that 23,000 trailers and 2,300 motorcycles were left out, for a total of \$1.125 million and a resulting negative impact of \$800,000 in salaries for 40 new fte to administer the system.

Keith Anderson, President, Montana Taxpayers Association, proposed that the bill be amended to 1.5% and that the issue be subjected to the voters, because the legislation would result in an \$8 million annual increase in taxes (Exhibit #19).

Don Tuttle, Good Sams, read from a prepared statement in opposition to the bill (Exhibit #20).

Lloyd Anderson, read from a prepared statement in opposition to the bill (Exhibit #21).

Rep. Norm Wallin, House District #78, said the bill doesn't make sense, and asked the Committee to give it a do not pass recommendation.

Bob DePrato, Flathead area auto dealer, said the bill would represent a \$42,000 tax increase to licensed vehicles.

Tom Roth, Bozeman, and Robert Oakland, Great Falls, stated their opposition to the bill.

Roger Marden, Havre, provided a written statement in opposition to the bill (Exhibit #22).

Richard Llewellyn, Montana Manufactured Housing, stated his opposition to the bill.

Frank Schledorn, Montana Recreational Vehicles, stated his opposition to the bill (Exhibit #23).

QUESTIONS ON SENATE BILL NO. 200: Chairman Ramirez advised that questions would be delayed until executive action is taken on the bill, because of the shortage of time.

ADJOURNMENT: There being no further business before the Committee, the meeting was adjourned at 12 noon.

MONTANA
ASSOCIATION OF
COUNTIES

1802 11th Avenue
 Helena, Montana 59601
 (406) 442-5209

FILE #14
 DATE 3-12-87
 BY AB 200

March 12, 1987

Representative Jack Ramirez, Chairman
 Members of House Taxation Committee

SUBJECT: Senate Bill 200

I am writing on behalf of the Montana Counties to request your support of Senate Bill 200 introduced by Senator Ed Smith.

Several things must be understood about this very complicated issue relative to the Local Government Block Grant Program.

First, in fiscal year 1987 local governments experienced a \$6,778,588 shortfall in block grant funding. This represents a shortfall of \$4,114,746 more than that which was anticipated at 85% of full funding as a result of the June Special Session (see Table I.)

Second, the shortfall for the biennium, as displayed in the Budget Analysis 1989 Biennium, Volume II, Page C-168, is expected to be \$9,244,767 and \$9,725,258 respectively. This shortfall does not include consideration for the block grant fees on autos scheduled to sunset as of July 1, 1987. If this is taken into account, the program will be short another \$2,313,100 for each year of the biennium (see Appendix A.)

Against these facts SB 200 is the only viable alternative. It is an alternative which falls short of fully correcting the loss of revenue as anticipated under current law. SB 200 will generate an estimated \$9,802,750 over the current vehicle revenue estimated at \$31,212,000. This results in an anticipated revenue loss of \$7,956,191 in each year of the 89 biennium.

At the rate of 2% as set forth in the bill, thirty-six counties will have a net increase in revenue (see Table II), while twenty counties will experience a net loss when compared to revenue from a fully funded block grant (see Table III.) As you can see, the bill does not fully mitigate the impacts of the shortfall in the block grant.

Even with the imposition of the optional .05% tax eight counties will still show a net loss of revenue. Just for the record that loss will be spread proportionate among all taxing jurisdictions according to levies: schools, fire districts, cities and towns, etc. (see Table IV.)

MACo

	BLANK GRANT 100% FUNDING 1987	ACTUAL 1987	REVENUE LOSS 1987	JUNE 30 ESTIMATED DISBURSEMENT	PER COUNTY SETTLEMENT COST
BEAVERHEAD	\$106,987.04	\$66,150.09	\$40,837	\$1,790.99	\$10,933.22
BIG HORN	\$0.00	\$0.00	\$0	\$0.00	\$0.00
BLAINE	\$0.00	\$0.00	\$0	\$0.00	\$0.00
BROADWATER	\$42,523.40	\$26,232.22	\$16,231	\$711.85	\$4,345.55
CARBON	\$147,336.54	\$31,038.18	\$56,238	\$2,466.45	\$15,056.61
CARTER	\$24,916.36	\$15,405.79	\$9,511	\$417.11	\$2,546.25
CASCADE	\$1,645,983.73	\$1,017,715.45	\$628,274	\$27,554.27	\$168,206.96
CHATEAU	\$33,568.20	\$20,755.22	\$12,813	\$561.94	\$3,430.40
CUSTER	\$350,200.71	\$216,529.10	\$133,672	\$5,862.45	\$35,787.71
DANIELS	\$25,557.76	\$15,802.36	\$9,755	\$427.84	\$2,611.80
DAWSON	\$260,966.40	\$161,355.53	\$99,611	\$4,368.64	\$26,668.68
DEER LODGE	\$423,832.50	\$262,055.63	\$161,777	\$7,095.06	\$43,312.29
FALLON	\$0.00	\$0.00	\$0	\$0.00	\$0.00
FERGUS	\$276,750.00	\$171,114.53	\$105,635	\$4,632.86	\$28,281.63
FLATHEAD	\$1,233,422.64	\$762,625.22	\$470,797	\$20,647.80	\$126,045.91
GALLATIN	\$1,399,751.10	\$865,466.11	\$534,285	\$23,432.17	\$143,043.35
GARFIELD	\$18,283.10	\$11,204.44	\$6,979	\$306.06	\$1,868.39
GLACIER	\$80,507.62	\$49,777.86	\$30,730	\$1,347.72	\$8,227.23
GOLDEN VALLEY	\$6,145.89	\$3,800.00	\$2,346	\$102.88	\$628.06
GRANITE	\$32,749.44	\$20,248.98	\$12,500	\$548.23	\$3,346.73
HILL	\$224,911.50	\$139,062.78	\$85,849	\$3,765.07	\$22,984.15
JEFFERSON	\$216,829.17	\$134,065.48	\$82,764	\$3,629.77	\$22,158.20
JUDITH BASIN	\$19,278.35	\$11,919.80	\$7,359	\$322.72	\$1,970.09
KE	\$206,147.14	\$127,460.78	\$78,686	\$3,450.95	\$21,066.53
LEWIS & CLARK	\$1,648,003.63	\$1,018,960.64	\$629,043	\$27,587.98	\$168,412.77
LIBERTY	\$731.40	\$452.22	\$279	\$12.24	\$74.74
LINCOLN	\$192,400.98	\$118,961.53	\$73,439	\$3,220.84	\$19,661.84
LISON	\$68,983.93	\$42,652.76	\$26,331	\$1,154.81	\$7,049.60
LOPE	\$19,303.44	\$12,306.30	\$7,597	\$333.19	\$2,033.97
MCNEER	\$45,091.42	\$27,880.02	\$17,211	\$754.84	\$4,607.98
MINERAL	\$114,102.24	\$70,549.41	\$43,553	\$1,910.10	\$11,660.33
MISSOULA	\$2,795,697.80	\$1,728,579.95	\$1,067,118	\$46,800.66	\$285,697.92
MUSSELSHELL	\$35,761.92	\$22,111.60	\$13,650	\$598.66	\$3,654.58
PAK	\$259,265.64	\$160,303.95	\$98,962	\$4,340.17	\$26,494.87
PETROLEUM	\$0.00	\$0.00	\$0	\$0.00	\$0.00
PILLIPS	\$10,893.73	\$6,735.59	\$4,158	\$182.36	\$1,113.25
PONDERA	\$73,700.07	\$49,278.55	\$30,422	\$1,334.20	\$8,144.71
PONDER RIVER	\$0.00	\$0.00	\$0	\$0.00	\$0.00
RELL	\$125,063.02	\$77,330.18	\$47,739	\$2,093.69	\$12,781.05
RIE	\$18,667.60	\$11,542.18	\$7,125	\$312.50	\$1,907.68
ROLLI	\$251,231.04	\$155,373.25	\$95,918	\$4,206.67	\$25,679.93
SLAND	\$0.00	\$0.00	\$0	\$0.00	\$0.00
SEVELT	\$58,791.74	\$36,350.93	\$22,441	\$984.19	\$6,008.04
TEUD	\$0.00	\$0.00	\$0	\$0.00	\$0.00
TERS	\$143,863.20	\$88,950.62	\$54,913	\$2,408.31	\$14,701.67
RIDAN	\$0.00	\$0.00	\$0	\$0.00	\$0.00
VER BOW	\$1,373,141.32	\$852,723.08	\$526,418	\$23,087.16	\$140,937.19
LLWATER	\$75,859.74	\$46,904.08	\$28,956	\$1,269.91	\$7,752.26
ET GRASS	\$62,418.21	\$38,593.18	\$23,825	\$1,044.90	\$6,378.64
ON	\$118,332.24	\$73,164.82	\$45,167	\$1,980.91	\$12,092.61
LE	\$43,243.97	\$26,737.75	\$16,506	\$723.91	\$4,413.19
ASUPE	\$7,853.92	\$4,856.08	\$2,998	\$131.48	\$802.61
LEY	\$275,884.00	\$170,579.08	\$105,305	\$4,618.37	\$28,193.13
ATLAND	\$51,351.30	\$31,750.51	\$19,601	\$859.63	\$5,247.69
UX	\$5,801.70	\$3,587.19	\$2,215	\$97.12	\$592.89
LOWSTONE	\$3,094,181.24	\$1,913,132.26	\$1,181,049	\$51,797.35	\$316,200.53
RL	\$17,758,341.03	\$10,980,353.24	\$6,778,587.79	\$297,289.00	\$1,814,821.50

TABLE II

COUNTIES EXPERIENCING GAINS AT 2X

RICHLAND	\$204,629.29
RAVALLI	\$161,487.19
ROSEBUD	\$158,482.08
BIG HORN	\$134,240.60
LAKE	\$113,358.31
SHERIDAN	\$102,567.27
LINCOLN	\$102,065.53
CHATEAU	\$85,477.77
BLAINE	\$84,614.10
PHILLIPS	\$80,712.54
FALLON	\$75,896.05
ROOSEVELT	\$61,578.72
MADISON	\$60,476.92
POWDER RIVER	\$60,217.36
TOOLE	\$57,072.67
MUSSELSHELL	\$51,426.55
STILLWATER	\$46,452.38
LIBERTY	\$46,212.63
GLACIER	\$43,743.12
PONDERA	\$42,048.22
BEAVERHEAD	\$40,062.87
MCNEE	\$36,088.28
JUDITH BASIN	\$30,923.23
BROADWATER	\$28,646.25
HILL	\$24,242.22
DANIELS	\$21,172.42
GRANITE	\$18,670.87
PETROLEUM	\$16,121.65
WIBAUX	\$14,838.65
GARFIELD	\$14,829.81
GOLDEN VALLEY	\$14,114.85
TREASURE	\$12,325.92
PRAIRIE	\$11,157.87
CARTER	\$9,020.00
TETON	\$3,633.60
SONDERS	\$1,108.12

TABLE III
COUNTIES EXPERIENCING LOSSES AT 2X

SWEET GRASS	(\$1,195.62)
MENAGER	(\$2,929.04)
CARBON	(\$3,548.95)
WHEATLAND	(\$8,151.36)
PARK	(\$24,127.81)
POWELL	(\$27,595.20)
MINERAL	(\$60,182.08)
FERGUS	(\$68,019.54)
DAWSON	(\$83,633.61)
JEFFERSON	(\$93,415.91)
VALLEY	(\$117,164.87)
CUSTER	(\$165,165.89)
FLATHEAD	(\$270,485.27)
DEER LODGE	(\$274,741.99)
CASCADE	(\$627,970.49)
GALLATIN	(\$703,057.02)
SILVER BOW	(\$923,055.09)
LEWIS & CLARK	(\$972,455.44)
YELLOWSTONE	(\$1,545,676.91)
MISSOULA	(\$1,740,334.87)

TABLE IV

COUNTIES EXPERIENCING LOSSES AT 2.5X

CUSTER	(\$3,730.89)
MINERAL	(\$12,764.58)
GALLATIN	(\$94,373.27)
YELLOWSTONE	(\$102,351.91)
DEER LODGE	(\$140,139.49)
LEWIS & CLARK	(\$372,109.19)
SILVER BOW	(\$504,118.84)
MISSOULA	(\$803,418.62)

Table 20
Local Government Block Grant Funding Options

	----- Fiscal 12988 -----		----- Fiscal 1989 -----	
	Revenues	Percent of Program Funded	Revenues	Percent of Program Funded
Fully Funded LSGC Program	\$17,971,867	100.0%	\$18,356,358	100.0%
Option A:				
Oil Severance Tax	6,414,000	35.7%	6,318,000	34.4%
Option B:				
Oil Severance Tax	6,414,000		6,318,000	
Reinstate Vehicle Fees	<u>2,313,100</u>		<u>2,313,100</u>	
Total Option B	<u>\$ 8,727,100</u>	<u>48.6%</u>	<u>\$ 8,631,100</u>	<u>47.0%</u>
Option C:				
Oil Severance Tax	6,414,000		6,318,100	
Reinstate Vehicle Fees	2,313,100		2,313,100	
Raise Vehicle Fees (\$5.00/veh)	3,220,000		3,220,000	
General Fund	<u>5,000,000</u>		<u>5,000,000</u>	
Total Option C	<u>\$16,947,100</u>	<u>94.3%</u>	<u>\$16,851,200</u>	<u>91.8%</u>
Option D:				
Oil Severance Tax	6,414,000		6,318,000	
Reinstate Vehicle Fees	2,313,100		2,313,100	
Raise Vehicle Fees (\$5.00/veh)	<u>3,220,000</u>		<u>3,220,000</u>	
Total Option D	<u>\$11,947,100</u>	<u>66.5%</u>	<u>\$11,851,100</u>	<u>64.6%</u>
Option E:				
Oil Severance Tax	6,414,000		6,318,000	
(Current Level) General Fund	<u>11,557,867</u>		<u>12,038,358</u>	
Total Option E	<u>\$17,971,867</u>	<u>100.0%</u>	<u>\$18,356,358</u>	<u>100.0%</u>

ISSUE 2: CONTINUED GENERAL FUND SUPPORT OF DISTRICT COURT CRIMINAL CASES COSTS

The 1985 legislature provided general fund for certain expenses related to criminal cases in district courts. Section 3-5-901, MCA, states certain costs which the state would assume to the extent funds were available. In fiscal 1986 the legislature appropriated \$3,079,720 and for fiscal 1987 \$2,995,229 was appropriated. Of the \$3,079,720 appropriated in fiscal 1986, \$2,503,250 was expended.

To offset the costs to the general fund the legislature added to the vehicle registration fee which was deposited into the general fund. The cost of the fee is dependent upon the age of the vehicle being registered. Table 20 contains the current fee schedule.

2X
31287
SB200

EXHIBIT LS
DATE 3-17-87
HB 200

MISSOULA COUNTY
DISTRICT COURT FUND
CRIMINAL CASE EXPENSE
REIMBURSEMENT PROGRAM REPORT

JANUARY 1987

RICHARD VANDIVER
COURT OPERATIONS OFFICER

Montana County Treasurers' Association

#16

The Honorable Representative Jack Ramirez
Chairman, House Taxation Committee
Members of the Taxation Committee
March 12, 1987

RE: Senate Bill 200

Senate Bill 200 deals with a new concept in motor vehicle fees.

If a new system is deemed proper at this time, let us all make the effort in the beginning to make the system workable and feasible.

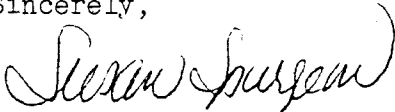
Allowing counties the option of an additional percentage above what is proposed in Senate Bill 200 will not work.

Please take the time and effort - in the beginning - to make the new system UNIFORM, fair, and consistent across the State of Montana. By doing so, it will make the local government's job of collecting and distributing the proper funds easier, without concern that by allowing the additional percentage people will cross county boundaries to license their vehicle at a cheaper rate.

It is apparent that the current system - mainly the reimbursement from the Local Block Grant Program - is not working and not giving the counties the needed revenue.

Again, if change is to be, make the program fair and workable from the beginning.

Sincerely,



Susan Spurgeon, President
Montana County Treasurers' Assoc.
Fergus County Treasurer

832:0
3-1287

REMINDER VEHICLE OWNERS VEHICLE FEE SCHEDULE FOR 1987 RE-REGISTRATIONS ONLY

MONTANA LAW REQUIRES ALL VEHICLES TO CARRY LIABILITY INSURANCE

Registration of your vehicle is determined by year and weight

PASSENGER CARS	(028) UNDER 2850 Lbs.	(030) OVER 2851 Lbs.
1987 to 1983	\$105.50	\$136.00
1982 to 1980	63.50	82.50
1979 and Older	23.50	35.00

MOTORCYCLES	UNDER 200cc	201cc to 749cc	750cc & over
1987 to 1985	\$20.00	\$44.00	\$84.00
1984 to 1981	12.00	24.00	44.00
1980 and Older	8.00	14.00	24.00

SNOWMOBILES	TRAVEL TRAILERS
1987 to 1985.....\$24.50	1987 to 1985.....\$44.00
1984 and Older.....17.50	1984 and Older.....19.00

MOTOR HOMES ALL ARE OVERWEIGHT

1986	\$212.50
1985	192.50
1984	157.50
1983	112.50
1982	87.50
1981	62.50
1980	37.50
1979 and Older	27.50

EX #19
3-12-87
200

TRUCKS	(028) UNDER 2850 Lbs.	(030) 6M GVW OVER 2851 Lbs.	8M GVW 10,000
1987 to 1983	\$118.00	\$143.50	\$148.50
1982 to 1980	76.00	90.00	95.00
1979 and Older	36.00	42.50	47.50

If your Vehicle is a pickup under (1) Ton It is also taxed under the flat fee system. All trucks are required by state law to carry Gross Vehicle Weight (GVW). 6000 lbs. is the minimum GVW. Add \$10.00 for all 10,000 lbs. GVW.

OWNER'S CERTIFICATE OF REGISTRATION AND PAYMENT RECEIPT										GVW LICENSE CLASS	
Current Plate		Year	Type	Make	Model	Style	Color			100%	75%
05-0000		85	PC	FORD	THUR	2D	RED			55%	30%
EXPIRATION DATE		Vehicle Ident. (Motor No.)		Title Number							
12/31/86		JH11275896340		K8743							
Tab No.	Gas (1) Diesel (2) LPG (3)	Equip No.	Unlim. Wt.	Fanc'y. h. Etc.							
4678	1		(030)								
Registered Owner's Name and Address								Lien Amount			
James & Betty Doe # 4 Main St. Helena Mt. 59601											
Lienholder's Name and Address											
Val'd. by	Market Value	Taxable Val	School Dist #	Mill Levy	Co						
	Flat Fee		1		5						
Treas or Dep	CERTIFY UNDER PENALTY OF LAW THAT THIS VEHICLE IS INSURED AS REQUIRED BY MONTANA STATUTE TITLE 61, CH. 2 PART 3 MCA					Signature of Registered Owner					
1						X					
Date Issued	1/4/86										
Legal Domicile	State										
REGISTRAR'S COPY MONTANA -VOID-											
00963352											
TOTAL 136.00											

PLEASE RETURN YOUR BLUE OR GREEN RECEIPT WITH YOUR CHECK

* Your re-registration fee is due no later than 25 days from expiration date. An additional \$5.00 fee for all personalized license plates must be added to fees shown. If applying by mail, add 75 cents for postage and handling. Mail to Lewis and Clark County Treasurer, Motor Vehicle Department, P.O. Box 557, Helena, Montana 59624.

(Helena Independent Record)



DONALD R. TUTTLE
Montana State Director
251 Sheafman Creek Road
Victor, MT 59875
(406) 961-3171

March 12, 1987

The House of Representatives, Taxation Committee Hearing

Mr. Chairman and members of the committee.

I am Donald Tuttle from Victor, Mt. and State Director of the Montana Good Sams. I am here on behalf of 3,500 members of this organization.

I am here to speak against SB 200 with respect to the licensing of RV's. We can go along with the 1% on RV's but we are against the 1/2 percent that the Counties are authorized to add on all vehicles.

It looks like everyone is told they have to cut down on their budgets but the Senate turns around and gives the counties more money. If the State can operate on 1% then I don't see where the counties need 1/2% more from a property tax on vehicles.

There is a chapter in the Montana Good Sams which are single persons. Most of these are single women who live on a fixed low income. I don't believe that they can afford to pay higher taxes on licences.

The voters of Montana in the last election voted they are tired of the high property taxes. The Legislature don't want to raise property taxes, but every bill we read is putting a new tax on something.

I'm afraid if this bill is passed with the 1 1/2% property tax on RV's that it will force retired people to find some other state to get their license. 90% of this organization is made up of retired RV owners. You will not only lose the RV license but that of their cars and possibly their income tax. It was done before when we had this same type of licence system.

I can license my motor home in Oregon for \$109 for two years. With SB 200 it will cost me \$450 per year.

The Good Sam Club of Montana for years has worked with the State trying to help them save money.

1. We clean campgrounds before the camping season opens (painting tables, benches, toilets, cleaning up fallen limbs from trees.
2. We furnish chapters to help the Fish & Game people on the Smith River every year.
3. Our people are campground hosts at many campgrounds.
4. We are involved in the Law Enforcement Torch Run for Special Olympics.

We use our motorhoms following the law officers as they run across Montana. We pick the officers up after they run and carry them until they are ready to run. While in our motorhomes they rest, are furnished food and drinks. We travel at approximately 4 mph all day. This expense is born by the owner of the RV. He asks for no reimbursement. He wants to do it and loves to do it. The Good Sam Club is out to help whenever and wherever they are needed.

We do this because we love to do it but we feel if we didn't do this the State would have to pay for man hours or they might have to close campgrounds.

We can live with 1% but not $1\frac{1}{2}\%$ on RV's license.

Thank you for listening. Have a nice day.

Donald R. Tuttle
Donald R. Tuttle
Montana State Director

Lloyd Anderson

#21

3/12/77

D I am Lloyd Anderson E. Helena Mont. 200

I am a member of Good Sam's Holiday Ranch

we do not object to taxes if fair & equitable to all.

we oppose S.B. 200 for the following reasons:

1. it will very likely create lines at the license window
2. R.V. owners who go south for winter will license out of state if taxes are too high.
3. younger R.V. owners will not be able to own one
4. we are opposed to the option to raise the tax by the County.
5. many low income older residents who saved & managed to acquire an R.V. outfit that is used only a few times a year will be unable to pay license fees if the cost is out of reason.
6. vehicle & R.V. owners will be unable to mail a check to treasure in their County as they don't know how much to send.
7. R.V. owners who leave the state will not return.

therefore I recommend a do not pass on S.B. 200
or annual R.V. cost

THESE SWITCHBACKS ARE HELL!



Roger Marden
Ex #
3-12-87
SB 200



Jayco

MARDEN'S TRAILER SALES

220 West First Street • Havre, Montana 59501 • Phone (406) 265-7773

Roger Marden 265-5093
Marie Marden 265-7242
Steve Marden 265-7242

TRAILERS • TRAVEL TRAILERS
PICK UP CAMPERS • 5th WHEELS
MINI MOTOR HOMES • RV PARTS
and ACCESSORIES

EXHIBIT

#20

DATE

3-12-87

BY

200

Dear State Representative:

You have before you for your consideration a proposed piece of legislation that causes me a great deal of concern not only as a businessman but as an individual light motor vehicle owner and a recreational vehicle owner as well.

This proposed legislation is Senate Bill 200. This bill would replace the fee in lieu of tax on light vehicles, motorcycles, quadricycles, motor homes, travel trailers and campers with a property tax.

This proposed property tax on an automobile or truck having a rated capacity of three-quarters of a ton or less, and on a motorcycle or quadricycle is determined by the county treasurer and is based on 2% of the value determined under 61-3-503.

The amount of tax on a motor home, travel trailer or camper is based on 1% of the value determined under 61-3-503.

I have randomly taken ten travel trailers that are currently being sold in the state of Montana and have compared the cost to license them under the proposed property tax schedule to the current flat fee schedule.

The values of the units in the sample were obtained from the January 1987 N.A.D.A. Recreational Vehicle Guide.

The 10 travel trailers in my sample range in age from 0 to 9 years old and in size from 12 to 35 feet. In the sample are three travel trailers (identified as p.t.), 4 tent trailers (identified as e.p.t.) and 3 5th wheel trailers (identified as 5th w.).



MARDEN'S TRAILER SALES

220 West First Street • Havre, Montana 59501 • Phone (406) 265-7773

Roger Marden 265-5093
Marie Marden 265-7242
Steve Marden 265-7242

TENT TRAILERS • TRAVEL TRAILERS
PICK UP CAMPERS • 5th WHEELS
MINI-MOTOR HOMES • RV PARTS
and ACCESSORIES

In looking at the travel trailers in the sample 2 units would cost less to license under the proposed legislation and 8 would cost more. One trailer, the 1987 Airstream, would increase by 290.63% and the average price increase of the entire sample would be an increase of 115.08%.

I have also analyzed 10 motorhomes that are currently being sold in the state of Montana. These range in size from 20 to 35 feet and are from 0 to 9 years old.

The cost to license these 10 motorhomes under the proposed legislation would increase from a low of 0% to a high of 557.33%. The 10 units showed an average increase in the cost to license of 45.30%.

This percentage increase is misleading however because of the fact that the cost to license a brand new motorhome the first year would be the same under the proposed legislation as it is under the current law because a new motorhome owner has to pay a new vehicle tax that is .015 percent of the wholesale value. If we were to throw out of the sample altogether the brand new motorhome the other 9 motorhomes would have increased by an average of 72.58 percent.

If we add the two samples together the cost to license the 20 units in our sample would increase by an average of 56.45%.



Jayco

Roger Marden 265-5093
Marie Marden 265-7242
Steve Marden 265-7242

MARDEN'S TRAILER SALES

220 West First Street • Havre, Montana 59501 • Phone (406)265-7773

RV TRAILERS • TRAVEL TRAILERS
PICK UP CAMPERS • 5th WHEELS
MINI-MOTOR HOMES • RV PARTS
and ACCESSORIES

Table I

Car	Brand	Type Length	Used Wholesale	Proposed TAX	Current TAX	Proposed TAX
87	Airstream	28' P.T.	\$15,625	\$156.25	\$40	
86	Alpenlite	29' P.T.	\$14,532	\$145.32	\$40	
85	Coachman	26' P.T.	\$6930.	\$69.30	\$40	\$526.97
84	Coleman	24' C.P.T.	\$1210	\$12.10	\$35	/ 10-divide
83	Shasta	20' C.P.T.	\$1870	\$18.70	\$15	\$52.69
82	Palamino	12' C.P.T.	\$770	\$10.00*	\$15	Current TAX
81	Jayco	18' C.P.T.	\$2120	\$21.20	\$15	
80	Kit	35' 5th w.	\$5320	\$53.20	\$15	\$245.00
79	Prowler	24' 5th w.	\$2570	\$25.70	\$15	/ 10-divide
78	Wilderness	17' 5th w.	\$1520	\$15.20	\$15	\$24.50
10 unit Totals			<u>\$52,695</u>	<u>\$526.95</u>	<u>\$245.00</u>	

According to the proposed legislation nothing would ever be valued at less than \$1000 nor would any tax be less than \$10.00

Table II Motor Homes

Car	Brand	Length	Used Wholesale	Proposed TAX	Current TAX	Proposed TAX
87	Born Free	24'	\$32,308	\$484.62	\$484.62	Proposed TAX
86	Coachman	21'	\$20,065	\$200.65	\$200.00	
85	Cruise Air	33'	\$26,200	\$262.00	\$180.00	\$1873.87
84	El Dorado	35'	\$23,000	\$230.00	\$145.00	/ 10-divide
83	Hol. Ram.	24'	\$17,450	\$174.50	\$100.00	\$187.38
82	Honey	24'	\$11,430	\$114.30	\$75.00	Current TAX
81	Itasca	29'	\$16,640	\$166.40	\$50.00	
80	Jayco	23'	\$8,150	\$81.50	\$25.00	\$1289.62
79	Southwind	28'	\$9860	\$98.60	\$15.00	/ 10-divide
78	Tioga	20'	\$6130	\$61.30	\$15.00	\$128.96
10 unit Totals				<u>\$1873.87</u>	<u>\$1289.62</u>	



Jayco

MARDEN'S TRAILER SALES

220 West First Street • Havre, Montana 59501 • Phone (406) 265-7773

Roger Marden 265-5093
Marie Marden 265-7242
Steve Marden 265-7242

TENT TRAILERS • TRAVEL TRAILERS
PICK UP CAMPERS • 5th WHEELS
MINI-MOTOR HOMES • RV PARTS
and ACCESSORIES

While this sample is a small one I feel that it is very representative one and if all the campers, travel trailers, and motorhomes currently registered in the state of Montana were to be analyzed I am confident that the overall percentages would be very close to the ones I have presented.

In trying to weigh the pros and cons of SB 200 I have trouble understanding several facts and figures as presented in the fiscal note of this bill on form BD-15. I have had several phone conversations with members of the department of Revenue, the motor vehicle Department and the primary sponsor of the bill yet several of my questions are still unanswered or unclear to me.

I urge each and every one of you to try to find out the answers to some of these questions before you vote on SB 200.

I find it very difficult to believe that with the very expert knowledge and expertise we have working for us in our state government, not too mention our sophisticated computer equipment, that no one is able to come up with a dollar amount for revenue taken in for trailer flat fees and motorcycle flat fees under our current law.

According to the Department of motor vehicles there were 488, 178 light vehicles titled and registered in the state during fiscal year 1986. I was told that motorhomes are included in this total. on line 5 of the assumptions of the fiscal note on SB 200 it is stated that there will



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89,165 in FY 89. There is a big discrepancy in these figures. which is correct?

If this proposed legislation were to pass 48 C Grade 7 step clerks would have to be hired as well as \$25,000 worth of forms and manuals would have to be purchased. A Grade step 2 clerk would earn \$12,665.00 per year. Thus the cost to hire 48 of these would be \$607,920.00. If we add the \$25,000 worth of manuals to these figures we come up with an annual expenditure of \$632,920.00. Under the expenditure portion of the fiscal note we are showing an expenditure of \$885,660.00 This is \$252,740.00 more than the cost of the manuals and the new employees. Where is this money going?

A large percentage of motor home and travel trailer owners are retired persons who are no longer employed within the state. We must ask ourselves. "How many of these people will license their vehicles in states such as Arizona where they will cost much less to license than they do here?" We will get no revenue from these people and should SB 200 pass I will encourage my customers who are able to license their vehicles out of state to do so. I will also actively encourage all other RV dealers to advise their customers to do like wise.

There is also a provision in SB 200 that would allow each county to impose an optional tax of 0.5% on all vehicles also. It is my feeling that all counties will do this thus our actual taxes will be either 2 1/2% or 1 1/2% not 2% and 1%.



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As a concerned citizen I urge you to take a good hard look at SB 200 and consider all of the ramifications of the bill before casting a vote for the bill.

The people of Montana told each and every one of us in the last election that they did not want anymore increases in taxes. Please listen to these people who voted you into your present office. We need to find more ways to cut expenses rather than always looking for ways to raise more revenue.

It is my feeling, as well as the feeling of many customers and people I have talked to that SB 200 is not in the best interest of the citizens of the state of Montana.

I encourage you to vote against SB 200 for that reason. Thank you very much for your time and consideration in this matter.

Sincerely,

Roger Marden

RUN DATE: 01/26/87
PROGRAM: JMYR0561

MOTOR VEHICLE STATISTICS
CURRENTLY REGISTERED VEHICLES BY PLATE TYPE

PAGE 2

COUNTY	PASSENGER CAR	PERSONAL PLATE	TRUCK	TRAILER	CYCLE	AMATEUR RADIO	NATIONAL GUARD	DISABLED VETERAN	EX POW	HANDICAP	MILITARY RESERVE	COUNTY TOTAL
WIBAUX	701	33	831	187	23	0	2	0	0	2	0	1,779
GOLDEN VALLEY	485	40	646	201	23	1	0	0	1	6	0	1,403
MINERAL	1,743	177	1,472	476	134	0	2	8	0	12	1	4,043
PETROLEUM	209	25	453	165	6	0	0	0	0	3	2	1,001
LINCOLN	8,946	631	7,512	2,929	702	9	22	12	8	19	3	20,793
UNKNOWN	29	4	23	23	3	0	0	0	0	0	1	83
STATEWIDE	442,948	44,323	285,381	107,387	27,493	421	1,509	309	117	2,067	427	912,382
EXPIRED VEHICLES STATEWIDE	45,230	2,449	27,150	19,034	8,938	10	85	22	2	57	2	103,029
TOTAL VEHICLES ON FILE	488,178	46,772	312,531	126,421	36,431	431	1,594	331	119	2,124	429	1,015,411

MOTOR VEHICLE STATISTICS
PLATE TYPE BREAKDOWN

PAGE 5

PLATE TYPE	OVER 2850 LBS	UNDER 2851 LBS	NO WGT				TOTAL
PASSENGER CAR	218,225	173,662	3	9,864	41,194	3 wheels	442,946

	1/4 TON	1/2 TON	3/4 TON	1 TON	1-1/2 TON	2 TON	2-1/2 TON	3 TON	3-1/2 TON		TOTAL
TRUCK	7,092	162,658	63,848	13,140	7,311	15,115	2,262	1,116	300		
(CONTINUED)				4 TON	4-1/2 TON	5 TON	5-1/2 TON	6 TON	OVER 3/4	NO TON	285,381
				243	332	402	15	64	11,295	138	

	OVER 2850 LBS	UNDER 2851 LBS	NO WGT	NON-STAG		TOTAL
TRUCK	206,575	27,823	142	30,836		285,381

	8000 OR LESS	10000 OR LESS	12000 - 24000	OVER 24000	NO GVW	TOTAL
TRUCK	220,263	232,528	30,091	20,745	2,017	285,381

	CAMPER	TENT	TRAVEL	5TH WHL	OTHER	OVER 45 FT HOUSE TR	SUB TOTAL
TRAILER	1,907	301	21,609	869	950	774	26,570
	2500 OR LESS	2501 - 6000	8000 - 24000	OVER 24000	NO GVW		SUB TOTAL
TRAILER	48,751	12,530	13,899	4,836	801		80,817
							TOTAL
							107,387

	* * * PASSENGER * * *					* * * * * TRUCK * * * * *				
	OVER	UNDER	NO WGT	TRAILER	MOTORCYCLE	OVER	UNDER	NO WGT	NON-STAG	TOTAL
PERSONAL PLATE	18,466	13,439	2	205	534	9,651	1,539	34	453	44,323

According to the department of motor vehicles there are 21,689 Travel trailers, 869 5th wheels, 381 tent trailers and 774 other trailers registered within the state in 1986. Since these vehicles are all taxed on the same flat fee schedule they can be combined for a total of 23,713 units. The current flat fee for any vehicle 3 years old or less is \$40.00, A vehicle 4 years old is \$35.00, and anything 5 years old and older is \$15.00.

Lets assume 25% of the registered units were 3 years old or less, 5% are 4 years old and 70% are 5 years old and older. These units should have produced the following revenue:

<u>Age of unit</u>	<u>Number of units</u>	<u>current tax</u>	<u>Revenue</u>
3 years or less	5927	\$ 40.00	237,080
4 years	1185	\$ 35.00	41,475
5 years or older	16,601	\$ 15.00	249,015
Totals	<u>23,713</u>		<u>\$ 527,570.00</u>

There were also 1,907 campers registered in 1986. The current flat fee for any camper 3 years old or less is \$35.00. Anything 4 years old and older is \$15.00.

Lets assume 20% of the registered units are 3 years old or less and 80% of the registered units are 4 years old or older. These units should have produced the following revenue:

<u>Age of unit</u>	<u>Number of units</u>	<u>current Tax</u>	<u>Revenue</u>
3 years or less	381	\$ 35.00	13,335
4 years or more	1526	15.00	22,890
Totals	<u>1907</u>		<u>\$ 36,225.00</u>

In FY 1986 There were 9864 ^{motor homes} titled and registered in the state. The current flat fee structure for these vehicles is as follows: New vehicle $1\frac{1}{2}\%$ of retail value, 2nd yr. \$200, 3rd yr. \$180, 4th year \$145, 5th yr. \$100, 6th yr. \$75, 7th yr. \$50, 8th yr. \$25, 9th yr. and older \$15.00

Lets assume that 3% of the registered motor homes fall in each of the first 8 categories or age groups and the remaining 7690 are 9 years old and older. These units should have produced the following revenue:

<u>Age of unit</u>	<u>Number of units</u>	<u>Current Tax</u>	<u>Revenue</u>
New (^{1.5%} 25,000 value)	# 290	\$ 375	\$ 108,750
2 yrs. old	290	\$ 200	\$ 58,000
3 yrs. old	290	\$ 180	\$ 52,200
4 yrs. old	290	\$ 145	\$ 42,050
5 yrs. old	290	\$ 100	\$ 29,000
6 yrs. old	290	\$ 75	\$ 21,750
7 yrs. old	290	\$ 50	\$ 14,500
8 yrs. old	290	\$ 25	\$ 7,250
9 yrs. old & older	<u>7544</u>	<u>\$ 15</u>	<u>\$ 113,160</u>
Totals	<u>9864</u>		<u>\$ 446,660</u>

Lets now look at what the 1986 camper, Trailer, and motor Home revenue should have been.

Trailer Revenue	\$ 527,570.00
Camper Revenue	36,225.00
Motor Home Revenue	<u>446,660.00</u>
Total Revenue	<u>\$ 1,010,455.00</u>

I feel that I have been very conservative in my analysis and feel that the actual revenue taken in under our current flat fee structure is considerably higher than the figure I have presented.

If we take my revenue figure (\$1,010,455) and divide it by the number of registered vehicles (35,484) we find that each unit produced a revenue of \$28.47. If we take the projected revenue from the fiscal note (\$737,530) and divide it by the number of registered vehicles (35,484) we find that proponents of SB 200 are saying that each unit will produce a revenue of \$20.78.

I feel that under our current fee system we are taking in closer to \$40.00 per unit than we are to \$20.00. It is my feeling that the assumption in the fiscal note that the market value of motor homes, travel trailers, and campers in the state is \$73,753,000 is extremely low. The market value is closer to \$150,000,000. than it is to the figure presented to us in the fiscal note.

Lets now take a look at motorcycles and quadricycles. Under current law fees for this type of vehicle are based on the age of the vehicle and the cc's of the vehicle. These fees range from \$4 to \$80.00

For the sake of argument we will assume the average cost to license this type of vehicle is \$15.00

According to the department of motor vehicles there were 28,027 cycles registered in FY 86. There were also 41,194 rugged terrain cars which they told me were 3 wheelers and quadricycles. Thus the state should have taken in \$1,0383.15

WITNESS STATEMENT

#23
DATE 3-12-87
NO Fee

NAME FRANK J. SCHLEDORN BILL NO. SB-200
ADDRESS 1208 No. 8th Ave - Bremerton MT. 59715 DATE MAR 12-87
WHOM DO YOU REPRESENT? Holiday Rambler Rec. Vehicle Club - MT. State mgt.
SUPPORT _____ OPPOSE X AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

I represent a group of mostly retired people who are on relatively fixed incomes. Their R.V.'s are part-time use vehicles - most of the time out of state.

Any significant increase in license fees will result in these people looking at alternatives - such as licensing out-of-state - not purchasing new units - selling the units they now have - etc.

At the present time it is possible to license these vehicles in other states and at a considerable savings. Any further distortion of this difference and many owners will license out of state -- as some do now.

While we sympathize with the states need to find additional sources of income we ~~for~~ believe this approach is not the way to go.

This bill is also in direct conflict with the expressed desire of the people to limit property taxes.

We would encourage the legislature to look at options.

We oppose any increase in RV taxes - and this bill.

3-12-87
200

NAME

REPRESENTING

SUPPORT Opp

Anna Lee Erickson	self		
May Holm	self		✓
Vincent Holm	self		✓
loyd Anderson	Wood River Valley		✓
Barbara Tuttle	Good Sams.		✓
RUTH COTE	" "		✓
Walter Torgerson	City of Seattle	✓	✓
Janet Jessup	City of Helena	✓	
Barbara Evans	Missoula County	✓	
Richard Vandiver	Fourth Jud. Dist / Miss. Cty	✓	
Richard H. Hendry	NADA		✓
Terry Connolly	Mt. Farmer Union	✓	
Tom Rolfe	Montana Auto Dealers		✓
Robert DePaul	Montana Auto Dealers		✓
Larry Tobiasson	Int. Auto Assn		✓
Jim Maurer	Mont. Auto Assoc.		✓
Wim Van Arsdale	City of Billings	✓	
Moss Tegen	Mt. Stockgrowers Assn	X	
Robert H. Oakland	MADA		✓
Phil Campbell	Mont. Ed. Assoc.	X	
John Mansfield	Mont. Auto Dealers		✓

Handwritten signature/initials

SB200

NAME	Representing	Support	Oppose
Paul Fitch	City of Missoula	X	
Bruce W. Meier	MSBA	X	
John C. Campbell	MASBO	X	
Bob Correa	Boy. Chamber		X
Roger Marden	Marden's Trailer Sales		X
Debi Brammer	Mt Assn of Conservation Districts		
Don Peeples	Bank S. Inc. Box	X	
Kende Schye	Montana Cultural Advocacy	X	
"	Montana Library Assoc.	X	
"	Montana State Library Commission		
Jennifer	State Librarian	X	

EXHIBIT _____
DATE 3/12/17
200

VISITORS' REGISTER

EXHIBIT

DATE 3-12-87

HOUSE TAXATION

COMMITTEE

BILL NO.

SB 200

DATE

3-12-87

SPONSOR

SMITH

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Green Man	IMAC	✓	
Land Man	Mr. Stockman Mr. Calhoun	✓	
VERNARD H. HANSON	SELF - G.S.		x
GENE PIGRON	SELF		X
ERNEST SCHENCK	SELF - GROSS SALES		X
Donald Schepke	" "		X
Douglas K. Schum	Jefferson County	X	
George Allen	Mr. Robert Allen		x
John Spurgeon	Legis Co Treasurer		
James C. Smith	Butte Sales & Trans		
S. Keith Anderson	Mont Tax		X
Dave Perkins	Self		X
Dave Anderson	Helena Aut. DEALERS		X
Kenneth Kneger	Fletcher Co. Comm	✓	
Harold Hays	" " "	✓	
Mervin Barber	mt assessors assoc	X	
Frank J. Scheldorn	Holiday Rambler Rec. Veh. Cl.		✓
Harold R. Jett	Montana Prod Sales		✓
Alvin B. COTE			✓

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

MINUTES OF THE MEETING
TAXATION COMMITTEE
HOUSE OF REPRESENTATIVES
50TH LEGISLATIVE SESSION

April 7, 1987

The meeting of the Taxation Committee was called to order by Chairman Ramirez on April 7, 1987, at 8 a.m., in Room 312B of the State Capitol.

ROLL CALL: All members were present. Also present was Greg Petesch, Director of Research, Legislative Council.

DISPOSITION OF SENATE BILL NO. 377: Rep. Patterson commented the Committee has seen this bill in past sessions.

Rep. Hoffman made a motion that SB 377 BE NOT CONCURRED IN.

Rep. Asay said he believes it is a legitimate issue and would vote against the motion.

Rep. Gilbert commented that business contracts are bid on the basis of making a profit.

Rep. Raney stated he would support the motion.

The motion made by Rep. Hoffman CARRIED with all members voting aye, except Rep. Asay, who voted no.

DISPOSITION OF SENATE BILL NO. 378: Rep. Williams stated it appears the bill is not necessary, if Rep. Ramirez' bill passes, and made a motion that SB 378 be TABLED. The motion CARRIED with all members voting aye, except Reps. Hanson, Gilbert, Patterson, Asay, and Ramirez, who voted no.

DISPOSITION OF SENATE BILL NO. 389: Rep. Williams made a motion that SB 389 BE CONCURRED IN, and made a motion to amend the effective date to January 1, 1988. The motion CARRIED unanimously.

Rep. Raney made a motion to amend the last page to "December 31, 1987". The motion CARRIED unanimously.

Rep. Gilbert asked to go on record against special legislation for school buses, and made a motion to strike lines 8-10, on page 2. The motion CARRIED, with all members voting aye, except Rep. Asay, who voted no.

Rep. Williams made a motion that SB 389 BE CONCURRED IN AS AMENDED. The motion CARRIED unanimously, and Rep. Patterson was asked to carry the bill.

DISPOSITION OF SENATE BILL NO. 224: Rep. Harrington made a motion that SB 224 BE CONCURRED IN.

Rep. Williams said he didn't believe the cost of collecting the fee has gone up much, and believed that evaporation has remained constant or decreased.

Rep. Sands advised there is no profit, when the price of the product and the tax goes up, because it is limited to 2 percent of the first 6 cents. He stated he believes SB 224 is a fair bill.

Rep. Schye commented that many other states are around 2 percent, and that it is an issue of fairness.

Chairman Ramirez advised that, after the tax is collected, it does not have to be remitted for 30-55 days, and distributors earn interest off the funds during that period of time.

Rep. Ellison advised that gas has been purchased on a temperature corrected basis.

Rep. Raney asked where the physical proof of shrinkage is, as the maximum shrinkage shown on the gasoline distributor's exhibit is four-tenths of one percent.

Rep. Williams stated the bill also has a \$1.2 million impact to the highway fund, with a shrinkage average of two-tenths of one percent per gallon.

The motion made by Rep. Harrington CARRIED, with all members voting aye, except Reps. Gilbert, Ellison, Williams, and Harp, who voted no. Rep. Schye was asked to carry the bill.

DISPOSITION OF SENATE BILL NO. 200: Rep. Keenan made a motion that SB 200 BE CONCURRED IN.

Rep. Asay stated he didn't see where .5 percent could be left as a float, as an option, and said he hoped to visit with DOJ personnel on the matter.

Chairman Ramirez advised he was opposed to the bill in any form.

Rep. Harrington stated the state is faced with a shortage in the block grant program, and that he would rather not vote for the bill, but would because it will help counties and schools to meet their financial needs.

Rep. Sands made a motion to strike (1) of section 39 on page 76, of the bill, and said the tax should be broad-based and meet with voter approval. The motion CARRIED unanimously.

Chairman Ramirez asked, if it were fair to keep the district court fee, if the ad valorem system were approved (pages 70-71), and how the district court reimbursement program would work, if the fee system were eliminated.

Rep. Williams advised that Rep. Mercer's bill changed that distribution.

Chairman Ramirez commented that the bill would put quite a load on automobiles.

Rep. Williams asked if the bill should be amended, for district court funding. Chairman Ramirez replied that amount could be taken off the top.

Rep. Asay said he wasn't certain, but believed counties would receive less with ad valorem taxes.

Chairman Ramirez made a motion to amend the bill so that fees would not be an additional charge, and would be taken out of the tax, for district court funding.

Rep. Asay asked Greg Groepper, DOR, if there would be any funds left for the counties, under the proposed system. Greg Groepper replied that it is about neutral right now, and if lowered, there would be no funds. He said the cost would be \$886,000, in addition to start-up costs, and 40 fte to look at approximately 1 million vehicles for five minutes each.

Rep. Asay requested that the Committee pass for the day until he could talk with DOJ regarding costs.

Rep. Gilbert commented that the bill makes each county support itself as, right now, some counties are supporting block grants in other counties.

Rep. Keenan withdrew her motion and Chairman Ramirez appointed Reps. Asay, Gilbert, and Keenan to study SB 200, and to report back to the Committee.

DISPOSITION OF SENATE BILL NO. 3: Rep. Asay made a motion that SB 3 BE CONCURRED IN.

Rep. Patterson advised that Sen. Keating suggested several amendments to replace "50" with "10".

DAILY ROLL CALL

HOUSE TAXATION COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date April 7, 1987

NAME	PRESENT	ABSENT	EXCUSED
REP. RAMIREZ	✓		
REP. ASAY	✓		
REP. ELLISON	✓		
REP. GILBERT	✓		
REP. HANSON	✓		
REP. HARP			✓
REP. HARRINGTON	✓		
REP. HOFFMAN	✓		
REP. KEENAN	✓		
REP. KOEHNKE	✓		
REP. PATTERSON	✓		
REP. RANEY	✓		
REP. REAM	✓		
REP. SANDS	✓		
REP. SCHYE	✓		
REP. WILLIAMS	✓		

MINUTES OF THE MEETING
TAXATION COMMITTEE
HOUSE OF REPRESENTATIVES
50TH LEGISLATIVE SESSION

April 10, 1987

The meeting of the Taxation Committee was called to order by Chairman Ramirez on April 10, 1987, at 8 a.m., in Room 312B of the State Capitol.

ROLL CALL: All members were present, except Reps. Hanson and Schye, who were excused. Also present was Greg Petesch, Director of Legal Services, Legislative Council.

DISPOSITION OF SENATE BILL NO. 179: Chairman Ramirez explained the "worst case scenario" he received from Larry Majerus, Motor Vehicle Division, DOR, on prorating motor vehicle fees (Exhibit #1), and said the noxious weed fee is not included in the exhibit.

Rep. Williams made a motion that SB 179 BE CONCURRED IN.

Rep. Koehnke asked what the purpose of the bill is. Chairman Ramirez advised that DOJ requested the bill because the counties are not prorating fees correctly.

Rep. Hoffman stated the counties cannot complete the required paperwork for less than \$10 each time it must be done.

The motion FAILED, with all members voting aye, except Reps. Ream, Harrington, Koehnke, Harp, Keenan, Ellison, Raney, Sands, and Ramirez, who voted no.

Rep. Raney made a motion that SB 179 be TABLED. The motion CARRIED unanimously.

DISPOSITION OF SENATE BILL NO. 390: Chairman Ramirez explained DOR's proposed amendments, which would strike the remainder of line 19 on page 1, following "changes", and insert "(a) no change; (b) changes regarding divorce and death; (c) termination of the grandfather clause". He said that class 19 property would be any undeveloped parcels over five acres and would be taxed at the 2 percent rate, while anything less is assessed at market value and the 3.86 percent rate.

Rep. Raney asked what the varying tax rates would be for 9, 10, and 11 acre plots of land. Greg Groepper, Property Assessment Division, DOR, said that, if the bill passes, all agricultural land would be at the 2 percent class rate,

Chairman Ramirez made a motion to substitute "market value for "actual sales price" in subsection (1) (c) of the bill. The motion CARRIED unanimously.

Rep. Sands commented that the effective date needs to be addressed. Greg Groepper replied the work would not get done in 1987, and suggested an effective date after December 31, 1987.

Greg Petesch advised that is what the bill does right now.

Chairman Ramirez said he would made a motion to amend the bill to that effect, to make certain. The motion CARRIED unanimously.

Rep. Ellison made a motion that SB 390 BE CONCURRED IN AS AMENDED. The motion CARRIED unanimously.

CONSIDERATION OF SENATE BILL NO. 200: Rep. Asay advised that the Subcommittee determined that 2 percent would leave 36 counties short in the block grant program, and start-up costs would be \$140,000. He explained that a large amount of information would need to be put into the system, requiring \$80,000 and 40-50 fte for set up.

Rep. Asay said the Subcommittee does not support the bill, but recommends the program be appropriated and sunset in two years, if the bill passes.

Rep. Keenan said she believes the Governor would put an amendatory veto on the supplemental budget request if this bill does not pass. Greg Groepper advised that this action has been discussed, but he did not know if the Governor had taken any action yet.

Rep. Keenan made a motion that SB 390 BE CONCURRED IN.

Rep. Asay stated this system should have been implemented in 1981, and wasn't.

Rep. Williams said he supported the bill, and opposed the fee system, as it hasn't been able to meet its obligations to local governments since the system was changed.

Rep. Gilbert said he agreed the bill raises the issue of fairness, and believes the bill should be amended and passed out of committee.

Rep. Hoffman stated he, too, supported the bill, as an ad valorem tax.

Rep. Keenan asked if the bill referred to 2 percent of depreciated value. She stated that, for those counties in need, .5 percent would be an option for two years.

✓ Rep. Patterson asked if the assessors used high or low book value. Rep. Hoffman stated it was his understanding they would be using trace-in or middle value.

Rep. Patterson commented it is possible the assessors should look at bank loan value.

Rep. Sands stated he was against SB 200, because it represents a tax increase and would return the system to the point where people will stand in line for valuation and appraisal at the courthouse.

Chairman Ramirez said he agreed with Rep. Sands, and stated the timing of the bill is disastrous, as it would create a situation to invite a tax revolt, with a tremendous backlash.

Rep. Raney advised he didn't like the bill any better than Chairman Ramirez, and said it wouldn't upset people any more than the sales tax would. He asked where, if the bill didn't pass, the Legislature would come up with necessary revenue, and if it would come from income tax.

Chairman Ramirez stated the compensation factor is that most sales tax revenue would go to property tax relief, and SB 200 provides no such relief. He advised that, if an income tax is implemented without a sales tax, and SB 200 were to pass, there would be near riots. Chairman Ramirez added that he hoped he was wrong.

Rep. Sands made a substitute motion that SB 200 BE NOT CONCURRED IN. The motion FAILED on a roll call vote, 10-6 (attached).

Rep. Asay made a motion to put .5 percent back into the bill, and to sunset the legislation in two years. The motion CARRIED, with all members voting aye, except Reps. Harp and Ramirez, who voted no.

Rep. Hoffman asked if the Subcommittee determined it would be feasible for DOJ to mail notices. Rep. Asay replied they did.

✓ Rep. Asay asked if existing services from DOJ would benefit this legislation. Greg Groepper replied they would, if DOJ does send pre-mailers using current NADA (National Auto Dealers Association) blue book values, and works together with the motor vehicle licensing system.

Rep. Ellison asked if DOR has this authorization. Greg Groepper replied that nothing in the bill requires DOJ participation, but he was certain Larry Majerus would work with DOR.

Larry Majerus stated that if DOJ were appropriated funds to purchase software from NADA, it would perform up to 80% of valuations for vehicles for automated counties, and that the bill would not have to be amended, nor would other funding be necessary. He stated that because there are no add-ons or deductions in the bill, DOJ would consider basic units.

Chairman Ramirez asked what the pleasure of the Committee was for DOR amendments (Exhibit #3).

Rep. Asay made a motion to approve all amendments on pages 1 and 2, and #3 on page 3 of Exhibit #3).

Rep. Ellison commented that the most high-priced motor homes are not registered in Montana because of cost.

Rep. Asay's motion CARRIED, with all members voting aye, except Reps. Sands and Williams, who voted no.

Rep. Sands made a motion to approve amendments for ad valorem appraisals. The motion CARRIED with all members voting aye, except Reps. Gilbert, Ream, Keenan, Harrington, and Williams, who voted no.

Chairman Ramirez made a motion to keep district court fees on top of the ad valorem tax. The motion CARRIED unanimously.

Rep. Raney asked what Sen. Smith's original intent was. Rep. Hoffman replied it was that fees would be replaced with the tax. Gordon Morris, MACO, replied the original intent of SB 200 was to replace the flat fee system, and local government block grants and district court fees were separate entities.

Chairman Ramirez changed his motion to deduct district court fees from the tax, rather than add them on. He commented the Committee could either leave district court fees on, take them out, or bump up fees high enough to cover them.

Rep. Williams stated the bill reduces block grants by about \$5 million over the biennium.

Gordon Morris advised that district court fees generated about \$2.8 million annually, of which \$2.5 million is

budgeted in HB 2. Rep. Harp replied that HB 2 will not be funded and will have to be reviewed for spending cuts.

Rep. Raney stated he agreed with Chairman Ramirez on this issue, and asked about other fees, such as junked vehicles and noxious weeds. Chairman Ramirez advised those are flat fees, and district court fees are based upon the age of a vehicle.

Chairman Ramirez made a motion that SB 200 BE CONCURRED IN AS AMENDED. The motion CARRIED with all members voting aye, except Reps. Patterson, Sands, Harp, and Asay, who voted no.

DISPOSITION OF SENATE BILL NO. 183: Rep. Patterson advised that the Subcommittee opted to go with the lower rate stated in the bill, to ease the devastation to certain counties (Exhibit #4).

Greg Petesch stated that section 7 on pages 15-17 addresses the disposition of lottery revenue, and that changes by Rep. Pavlovich at the end of section 4 address distribution of net lottery revenue by the Superintendent of Public Instruction, creating the need for coordination instructions to remove this language from Rep. Pavlovich's bill, if SB 183 passes.

Rep. Asay made a motion to approve the language proposed by Greg Petesch. The motion CARRIED unanimously.

Rep. Patterson stated the bill would require a minimum of 9 mills to fund teachers' retirement, and that some counties would be able to accomplish this at a lower rate, while 26 counties would have to contribute more.

Rep. Sands asked what the method of distribution is. Chairman Ramirez advised it is based on ANB (average number belonging).

Chairman Ramirez made a motion to strike section 1 of the bill because it doesn't meet the requirements of I-105.

Rep. Harrington said he would like to speak to the equalization factor, as the counties are being hard hit.

The motion made by Rep. Ramirez CARRIED, with all members voting aye, except Reps. Keenan, Harrington, and Ream, who voted no.

Chairman Ramirez explained that, by tying the legislation to 63% of the total for the state retirement fund obligation, there is no restraint on the part of school districts to hold down expenses. He said it seems best to put a fixed

Third Reading

1. Page 11, line 23.

Following: "vehicles"

Insert: "provided for in that section"

2. Page 49, line 24.

Following: "the"

Strike: "motor vehicle is owned or taxable"

Insert: "owner makes his permanent residence at the time of making the application, or, if the vehicle is owned by a corporation or used primarily for commercial purposes in the taxing jurisdiction of the county where the vehicle is permanently located or assigned"

3. Page 51, line 12.

Following: "application."

Strike: "The county treasurer may not assess or"

Insert: "The department or its agent may not assess, and the county treasurer may not"

4. Page 51, line 19.

Following: "The"

Strike: "county treasurer"

Insert: "department or its agent"

5. Page 51, line 23.

Following: "the"

Strike: "county treasurer."

Insert: "department or its agent."

6. Page 63, line 5.

Following: "Guide"

Strike: "or of"

Insert: ", "

7. Page 63, line 6.

Following: "Guide,"

Insert: "or for vehicles not listed in the preceding guides, the low value listed in The Value Guide to Cars of Particular Interest,"

8. Page 63, line 10.

Following: "paid."

Insert: "If the value shown in any of the appraisal guides listed in this section is less than \$1,000, the department shall value the vehicle at \$1,000."

9. Page 63, line 24.

Following: "guide, the"

Strike: "the county ~~treasurer~~ assessor shall"

Insert: "department of revenue or its agent shall depreciate the original f.o.b. factory list price, f.o.b. port of entry list price or the manufacturer's suggested list price using the following methods:

(i) if the new car sales tax has been previously paid and the vehicle is less than one year in age, the depreciation percentage will be 20%; or

(ii) if the vehicle is one year or older in age and it is not listed in any of the appraisal guides listed in this section, the depreciation percentage will be determined by the department of revenue to approximate the average wholesale or trade-in values in the current above-listed N.A.D.A. guides. The age of the vehicle is determined by subtracting the manufacturer's model year of the vehicle from the calendar year of assessment. When a minimum value of \$1,000 is reached, the value shall remain at that minimum so long as the vehicle is registered.

Strike: Remainder of line 24, and line 25.

10. Page 64, lines 1 through 3.

Strike: lines 1 through 3 in their entirety

Insert: "If a previously registered vehicle"

11. Page 64, line 5.

Strike: "county ~~treasurer~~ ASSESSOR"

Insert: department or its agent

12. Page 65, line 6.

Following: "is"

Strike: "determined by the county treasurer and is based on"

13. Page 65, line 9.

Following: "IS"

Strike: "DETERMINED BY THE COUNTY TREASURER AND IS BASED ON"

APPROPRIATION AMENDMENTS TO SB200

Third Reading

1. Page 77, line 18.

Following: "repealed."

Insert: "NEW SECTION. Section 41. Appropriation for fiscal year 1987. The following amount is appropriated from the general fund for fiscal year 1987 for the implementation and operation of this act:

Montana Department of Revenue	\$ 89,055
Montana Department of Justice	\$ 53,000"

Renumber: Following sections.

2. Page 77, line 18.

Following: "repealed."

Insert: "NEW SECTION. Section 42. Appropriation for 1988-1989 biennium. The following amount is appropriated from the general fund for fiscal years 1988 and 1989 for the departments of justice and revenue:

	<u>Fiscal Year 1988</u>
Department of Justice	\$ 61,460
Department of Revenue	824,200
Total	<u>\$885,660</u>

	<u>Fiscal Year 1989</u>
Department of Justice	\$ 61,460
Department of Revenue	824,200
Total	<u>\$885,660"</u>

3. Page 77, line 18.

Following: "repealed."

Insert: NEW SECTION. Section _____. (Temporary) No person shall be allowed to change the anniversary date for reregistration of a vehicle pursuant to the provisions of section 61-3-315, MCA, from the effective date of this act until January 1, 1988.

rr/93
amendsb200

DAILY ROLL CALL
HOUSE TAXATION COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date April 10, 1987

NAME	PRESENT	ABSENT	EXCUSED
REP. RAMIREZ	✓		
REP. ASAY	✓		
REP. ELLISON	✓		
REP. GILBERT	✓		
REP. HANSON			✓
REP. HARP	✓		
REP. HARRINGTON	✓		
REP. HOFFMAN	✓		
REP. KEENAN	✓		
REP. KOEHNKE	✓		
REP. PATTERSON	✓		
REP. RANEY	✓		
REP. REAM	✓		
REP. SANDS	✓		
REP. SCHYE			✓
REP. WILLIAMS	✓		

STANDING COMMITTEE REPORT

Page 1 of 7

HOUSE

APRIL 13 19 87

Mr. Speaker: We, the committee on HOUSE TAXATION
report SENATE BILL NO. 200

☐ do pass ☒ be concurred in ☒ as amended
☐ do not pass ☐ be not concurred in ☐ statement of intent attached

Be amended as follows:

Ramirez
Representative Jack Ramirez, Chairman

1. Title, line 13
Strike: "61-1-130,"
2. Title, line 15
Following: "61-3-509,"
Insert: "61-3-521, 61-3-522,"
3. Title, line 17
Following: "7-6-309,"
Strike: "61-3-521 THROUGH"
4. Title, line 19.
Following: "DATE"
Strike: "AND"
Insert: " , "
5. Title, line 20.
Following: "DATE"
Insert: " , AND TERMINATION DATES"
6. Page 8, line 18
Following: line 17
Insert: "(k) motor homes;"
Renumber: subsequent subsections
7. Page 10, line 6
Strike: "{1}(n)"
Insert: "{1}(o)"
8. Page 11, line 21
Following: "homes"
Insert: " , "
9. Page 11, line 6
Following: line 5
Insert: "(b) motor homes;"
Renumber: subsequent subsections

SB 200
Page 2 of 7

APRIL 13 19 87

10. Page 11, line 19
Following: "vehicles"
Insert: " , other than motor homes"
11. Page 11, line 23
Following: "vehicles"
Insert: "as provided by law,"
12. Page 16, line 7
Following: "tax"
Insert: "not subject to a fee in lieu of tax"
13. Page 49, lines 5 through 10
Strike: section 21 in its entirety
Renumber: subsequent sections
14. Page 49, line 24
Following: line 23
Strike: "motor vehicle is owned or taxable"
Insert: "owner makes his permanent residence at the time of making the application or, if the vehicle is owned by a corporation or used primarily for commercial purposes, in the taxing jurisdiction of the county where the vehicle is permanently assigned,"
15. Page 51, line 2
Strike: "or"
16. Page 51, line 4
Strike: " "
Insert: " ; or"
17. Page 51, line 10
Following: line 9
Insert: "(iii) in the case of a motor home, the fee in lieu of tax for the current year of registration."
18. Page 51, line 12
Following: "The"
Insert: "department or its agent may not assess and the"
19. Page 51, line 13
Following: line 12
Strike: "assess or"

THIRD

reading BLUE color

STATE PRINT CO.
Hilma, Md.

Ramirez
Representative Jack Ramirez, Chairman

APRIL 13 1987

20. Page 51, line 19
Following: "The"
Strike: "county treasurer"
Insert: "department or its agent"
21. Page 51, line 23
Following: "of the"
Strike: "county treasurer"
Insert: "department or its agent"
22. Page 60, line 9
Following: "assessment"
Insert: ", fee in lieu of tax,"
23. Page 63, line 5
Following: "Guide"
Strike: "or of"
Insert: ", "
24. Page 63, line 6
Following: "Guide,"
Insert: "or, for vehicles not listed in the preceding guides, the low value listed in The Value Guide to Cars of Particular Interest,"
25. Page 63, line 10
Following: "paid."
Insert: "If the value shown in any of the appraisal guides listed in this section is less than \$1,000, the department shall value the vehicle at \$1,000."
26. Page 63, line 11
Strike: "motor homes,"
27. Page 63, line 24
Following: "guide, the"
Strike: "county ~~treasurer~~ ASSESSOR"
Insert: "department of revenue or its agent"
28. Page 63, line 25
Following: "price"
Strike: "or"
Insert: ", "

APRIL 13 1987

29. Page 64, lines 1 through 3
Following: "price" on line 1
Strike: remainder of line 1 through line 3 in its entirety
Insert: ", or the manufacturer's suggested list price, using the following methods:
(i) if the new car sales tax has been previously paid and the vehicle is less than 1 year in age, the depreciation percentage shall be 20%; or
(ii) if the vehicle is 1 year or older in age and it is not listed in any of the appraisal guides listed in this section, the department of revenue shall determine the depreciation percentage to approximate the average wholesale or trade-in values in the current N.A.D.A. guides referred to in this subsection. For purposes of this subsection (1), the age of the vehicle is determined by subtracting the manufacturer's model year of the vehicle from the calendar year of assessment.
(F) When a minimum value of \$1,000 is reached, the value shall remain at that minimum so long as the vehicle is registered."
30. Page 64, line 4
Following: line 3
Insert: "(g) If a previously registered vehicle"
31. Page 64, line 5
Following: line 4
Strike: "county ~~treasurer~~ ASSESSOR"
Insert: "department or its agent"
32. Page 64, line 13
Strike: "(1) (e)"
Insert: "(1) (g)"
Following: "to"
Insert: "motor homes or"
33. Page 65, line 6
Following: ~~the~~ "sample is"
Strike: remainder of line 6 in its entirety

APRIL 13 1987

APRIL 13 1987

34. Page 65, line 8
Strike: "MOTOR HOME,"
35. Page 65, lines 9 and 10
Following: "CAMPER IS"
Strike: remainder of line 9 through "ON" on line 10
36. Page 65, line 11
Following: "all"
Insert: "taxable"
37. Page 66, line 3
Following: "shall"
Insert: ", after deducting the district court fee,"
38. Page 66, line 4
Following: "vehicles"
Insert: "and fees in lieu of tax on motor homes"
39. Page 66, line 7
Following: "61-3-504"
Insert: ", 61-3-521,"
Following: "SECTION"
Strike: "39"
Insert: "40"
40. Page 67, line 9
Following: "shall"
Insert: ", after deducting the district court fee,"
41. Page 67, line 10
Following: "vehicles"
Strike: ", "
Insert: "and fees in lieu of tax on motor homes"
42. Page 67, line 13
Following: "61-3-504"
Insert: ", 61-3-521,"
Following: "SECTION"
Strike: "39"
Insert: "40"

43. Page 68, line 4
Following: line 3
Insert: "Section 31. Section 61-3-521, MCA, is amended to read:

"61-3-521. Fee in lieu of tax for ~~certain vehicles~~ motor homes. (1) There is a fee in lieu of property tax imposed on motor homes, ~~travel trailers, and campers~~. The fee is in addition to annual registration fees.

(2) The provisions of 61-10-208 do not apply to a ~~vehicle that qualifies under subsection (1) above~~ motor home.

(3) The fee imposed by subsection (1) above need not be paid by a dealer for vehicles that constitute inventory of the dealership."

Section 32, Section 61-3-522, MCA, is amended to read:

"61-3-522. Schedule of fees for motor homes. (1) The owner of a motor home shall pay a fee based on the age of the motor home according to the following schedule:

less than 2 years old.....	\$200	250
2 years old and less than 3 years old	100	230
3 years old and less than 4 years old	145	195
4 years old and less than 5 years old	100	150
5 years old and less than 6 years old	75	125
6 years old and less than 7 years old	50	100
7 years old and less than 8 years old	25	75
8 years old and older	15	65

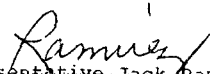
(2) The age of a motor home is determined by subtracting the manufacturer's designated model year from the current calendar year."

Renumber: subsequent sections

APRIL 13 1987

44. Page 71, line 10
Following: line 9
Insert: "(3) The district court fee is not in addition to vehicle property taxes. The county treasurer shall deduct the district court fee from the vehicle property tax and credit the fee to a suspense account as provided in 61-3-509."
45. Page 72, line 15
Following: line 14
Insert: "(3) The district court fee is not in addition to vehicle property taxes. The county treasurer shall deduct the district court fee from the vehicle property tax and credit the fee to a suspense account as provided in 61-3-509."
46. Page 77, lines 5 through 7
Following: "TAX" on line 5
Strike: remainder of line 5 through "RESOLUTION" on line 7
Insert: "if the tax is approved by the electors of the county"
47. Page 77, line 14
Insert: "NEW SECTION. Section 41. Anniversary reregistration. A person may not change the anniversary date for reregistration of a vehicle pursuant to the provisions of 61-3-315 from [the effective date of this act] until January 1, 1988."
Renummer: subsequent sections
48. Page 77, line 17.
Following: "SECTIONS"
Strike: "61-3-521 through"
49. Page 77, line 25
Following: "applicability"
Insert: "-- termination"
Following: "SECTION"
Strike: "40(1)"
Insert: "42(1)"
50. Page 78, line 4
Following: line 3
Insert: "(3) (a) Section 40 terminates July 1, 1989.
(b) Section 41 terminates January 1, 1988."

~~SENATE SB 200~~


Representative Jack Ramirez, Chairman

COMMITTEE OF THE WHOLE AMENDMENT

(24)

HOUSE

4-14-87

DATE

12:50

TIME

MR. CHAIRMAN: I MOVE TO AMEND SB 200

3rd reading copy (blue) as follows:
Color

PASSED

1) Page 76, line 22.
Strike: "THE RATE OF"
Insert: "a rate of up to"

COMMITTEE OF THE WHOLE AMENDMENT

4-14-87

DATE

12:45

TIME

MR. CHAIRMAN: I MOVE TO AMEND SB 200

3rd reading copy (blue) as follows:
Color

1) Page 63, line 14.
Strike: "\$1,000"
Insert: "\$250"

2) Page 64, line 2.
Strike: "\$1,000"
Insert: "\$500"

3) Page 64, line 7.
Strike: "\$1,000"
Insert: "\$500"

ADOPT

REJECT

4141250T.CW

Bob Raney
Rep. Raney

ADOPT

REJECT

4141245T.CW

Rep. Glaser

COMMITTEE OF THE WHOLE AMENDMENT

Page 1 of 4
4-14-87
DATE
14:00
TIME

Page 2 of 4

SB 200

19

MR. CHAIRMAN: I MOVE TO AMEND SB 200

3rd reading copy (blue) as follows:
Color

House Taxation Standing Committee Report is amended as follows:

1. Instruction No. 1 is amended as follows:
 1. Title, line 13
Strike: "61-1-130, 61-1-131"
2. Instruction No. 2 is amended as follows:
 2. Title, line 15
Following: "61-3-509,"
Insert: "61-3-521, 61-3-522, 61-3-523"
3. Instruction No. 3 is amended as follows:
 3. Title, line 17
Following: "7-6-309,"
Strike: "61-3-521 THROUGH 61-3-523"
4. Instruction No. 6 is amended as follows:
 6. Page 8, line 18
Following: line 17
Insert: "(k) motor homes, travel trailers, and campers;"
Renumber: subsequent subsections
5. Instruction No. 9 is amended as follows:
 9. Page 11, line 6
Following: line 5
Insert: "(b) motor homes, travel trailers, and campers;"
Renumber: subsequent subsections
6. Instruction No. 10 is amended as follows:
 10. Page 11, line 19
Following: "vehicles"
Insert: ", other than motor homes, travel trailers, and campers"

7. Instruction No. 13 is amended as follows:
 13. Page 49, lines 5 through 10 17
Strike: section sections 21 and 22 in its their
entirety
Renumber: subsequent sections
8. Instruction No. 17 is amended as follows:
 17. Page 51, line 10
Following: line 9
Insert: "(iii) in the case of a motor home, travel trailer, or camper the fee in lieu of tax for the current year of registration."
9. Instruction No. 26 is amended as follows:
 26. Page 63, line 11
Following: motorcycles
Strike: "L"
Insert: "and"
Following: "quadricycles"
Strike: "motor homes, remainder of line 11 through "campers" on line 12"
10. Instruction No. 32 is amended as follows:
 32. Page 64, line 13
Strike: "(l)(e)"
Insert: "(l)(g)"
Following: "to"
Insert: "motor homes, travel trailers, campers, or"
11. Instruction No. 34 is amended as follows:
 34. Page 65, line 8 through line 10
Strike: "MOTOR HOMES, subsection (B) in its entirety"
12. Strike: Instruction No. 35 in its entirety
13. Instruction No. 38 is amended as follows:
 38. Page 66, line 4
Following: "vehicles"
Insert: "and fees in lieu of tax on motor homes, travel trailers, and campers"
14. Instruction No. 41 is amended as follows:
 41. Page 67, line 10
Following: "vehicles"
Strike: ", "
Insert: "and fees in lieu of tax on motor homes, travel trailers, and campers"
15. Instruction No. 43 is amended as follows:
 43. Page 68, line 4
Following: line 3
Insert: "Section 31. Section 61-3-521, MCA, is

ADOPT
REJECT

WT Menahan
Rep. Menahan

STATE PUB. CO.
Helena, Mont.

Chairman.

amended-to-read:

~~"61-3-521.--Fee-in-lieu-of-tax-for certain-vehicles-motor-homes.--(1)-There-is-a fee-in-lieu-of-property-tax-imposed-on-motor homes,-travel-trailers,-and-campers.-The-fee is-in-addition-to-annual-registration-fees.-~~

~~(2)--The-provisions-of-61-10-208-do-not apply-to-a-vehicle-that-qualifies-under subsection-(1)-above-motor-home--~~

~~(3)--The-fee-imposed-by-subsection-(1) above-need-not-be-paid-by-a-dealer-for vehicles-that-constitute-inventory-of-the dealership."~~

Section 32,--Section 61-3-522, MCA, is amended to read:

"61-3-522. Schedule of fees for motor homes. (1) The owner of a motor home shall pay a fee based on the age of the motor home according to the following schedule:

less than 2 years old.....	\$200	250
2 years old and less than 3 years old	100	230
3 years old and less than 4 years old	145	195
4 years old and less than 5 years old	100	150
5 years old and less than 6 years old	75	125
6 years old and less than 7 years old	50	100
7 years old and less than 8 years old	25	75
8 years old and older	15	65

(2) The age of a motor home is determined by subtracting the manufacturer's designated model year from the current calendar year."

Section 32. Section 61-3-523, MCA, is amended to read:

"61-3-523. Schedule of fees for travel trailers and campers. (1) The fee imposed by 61-3-521 on a travel trailer less than 3 years old is \$40 \$60. In all other cases the fee is \$15 \$22.50.

(2) The fee imposed by 61-3-521 on a camper less than 3 years old is \$35 \$52.50. In all other cases the fee is \$15 \$22.50.

(3) The age of a travel trailer or camper is determined by subtracting the manufacturer's designated model year from the current calendar year."

Renumber: subsequent sections

Chairman.

16. SB 200, third reading, blue is further amended as follows:

1. Page 65, line 1.
Following: "(2)"
Strike: "(A)"

Amendments, SB 200
7104d/C:JEANNE\WP:jj

COMMITTEE OF THE WHOLE AMENDMENT

PAGE 20F

4- 13-87
DATE
17:00
TIME

MR CHAIRMAN: I MOVE TO AMEND SB 200

3rd reading copy (blue) as follows.
Color

House Taxation Standing Committee Report is amended as follows:

1. House Taxation Committee amendment #39 is amended to read:

Page 66, line 7
Following: "61-3-504"
Insert: "61-3-521,"
Following: "SECTION"
Strike: "39"
Insert: "40" "37"

2. House Taxation Committee amendment #42 is amended to read:

Page 67, line 13
Following: "61-3-504"
Insert: ", 61-3-521,"
Following: "SECTION"
Strike: "39"
Insert: "40" "37"

3. House Taxation Committee amendment #49 is amended to read:

Page 77, line 25
Following: "applicability"
Insert: "-- termination"
Following: "SECTION"
Strike: "40(1)"
Insert: "42(1)" "39(1)"

SB 200, Third Reading (blue) is further amended as follows:

1. Title, line 15
Following: "61-3-524,"
Strike: "61-3-531, 61-3-533 THROUGH"

2. Title, line 18
Following: line 17
Strike: "61-3-532"
Insert: "61-3-531 THROUGH 61-4-534"

3. Page 66, line 15
Following: "(2)"
Insert: "The county treasurer shall deduct as a district court fee 7% of the amount of the 2% tax collected on an automobile or truck having a rated capacity of three-quarters of a ton or less."

ADOPT

REJECT

Kadas #1

4. Page 66, lines 16 and 17
Following: "fee" on line 16
Strike: remainder of line 16 through "61-3-533" on line 17
5. Page 66, line 23
Following: "."
Insert: "Any amount forwarded to the state treasurer under this subsection not used for district court expenses must be refunded to the counties in the proportion that the amount collected from each county bears to the total amount collected."
6. Page 67, line 20
Following: "(2)"
Insert: "The county treasurer shall deduct as a district court fee 7% of the amount of the 2% tax collected on an automobile or truck having a rated capacity of three-quarters of a ton or less."
7. Page 67, line 21
Following: "courts"
Strike: "provided for in 61-3-533"
8. Page 68, line 3
Following: "."
Insert: "Any amount forwarded to the state treasurer under this subsection not used for district court expenses must be refunded to the counties in the proportion that the amount collected from each county bears to the total amount collected."
9. Page 69, line 10 through page 72. line 22
Strike: Sections 34 through 36 in their entirety
Renumber: subsequent sections
10. Page 77, line 17
Following: "61-3-523,"
Strike: "61-3-532"
Insert: "61-3-531 through 61-3-534"

COMMITTEE OF THE WHOLE AMENDMENT

4-13-87
DATE

17:01
TIME

MR CHAIRMAN: I MOVE TO AMEND SB 200
3rd blue
reading copy () as follows:
Color

House Taxation Standing Committee Report is amended as follows:

1. Strike House Taxation Committee amendment #46 in its entirety

ADOPT
REJECT

Kadas #2
Rep. Kadas

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB200, reference copy.

DESCRIPTION OF PROPOSED LEGISLATION:

An Act to replace the fee in lieu of tax on light vehicles, motorcycles, quadricycles, motor homes, travel trailers, and campers with a property tax; to allow a local option vehicle tax; and providing an immediate effective date, an applicability date, and termination dates.

ASSUMPTIONS:

1. The taxable value of light motor vehicles in Montana in 1982 was \$185,422,083.
2. The average taxable value for light motor vehicles in 1982 was \$301.514.
3. The average retail market value of a light motor vehicle in 1982 was \$2,319.34 (average taxable divided by 13 percent class nine tax rate).
4. Inflated to January, 1986 (using Consumer Price Index for used cars Dec. 1981 - 284.3; Dec. 1985 - 369.7), the average retail market value of a light motor vehicle in Montana is \$3016. It is assumed that the average value increases by 2 percent each year into the future, yielding average values of \$3,076 for FY88 and \$3,138 for FY89 (avg. increase Dec. 1981 to Dec. 1985 was 7.5%, but values have declined in the last year).
5. There will be 677,386 light motor vehicles licensed in FY88 and 689,165 in FY89 (REAC).
6. The market value of light motor vehicles in Montana will be \$2,083,639,000 in FY88 and \$2,162,600,000 in FY89.
7. Tax rate on light motor vehicles is 2% of average trade-in value or wholesale value.
8. Average trade-in value is 80% of average retail value (1.6% effective tax rate).
9. The following age/weight distributions apply to FY88 and FY89 (REAC).

Age	FY88		FY89	
	Under 2850 lbs.	Over 2850 lbs.	Under 2850 lbs.	Over 2850 lbs.
Less Than 4 Yrs.	83,011	98,774	84,454	100,491
4 to 8 Yrs.	53,185	91,491	54,110	93,082
Over 8 Yrs.	69,263	281,662	70,468	286,560

10. It is assumed that 20% of vehicles over eight years of age are valued at \$500 or less using average trade-in value. Lowering the minimum value from \$1,000 to \$500 would reduce property tax revenue by \$677,386 in FY88 and \$689,165 in FY89.
11. The market value of motorcycles and quadricycles in 1985 was \$17,543,852. This level is assumed to apply to FY88 and FY89. Lowering the minimum value from \$500 to \$250 would reduce property tax revenue by about \$7,130 a year.

David L. Hunter

DATE

4/16/87

DAVID L. HUNTER, BUDGET DIRECTOR

Office of Budget and Program Planning

Ed Smith

DATE

4-16-87

ED SMITH, PRIMARY SPONSOR

Fiscal Note for SB200, reference copy.

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12. No data is available for the current fee systems for motor homes, travel trailers, campers and motorcycles or the proposed fee system for motorhomes.
13. Based on the number of vehicles and the time necessary for assessments, an additional 48 (Grade 7, Step 2) clerks would be required to assess motor vehicles at the time of registration. Forms and manuals would cost \$25,000. The proposal places responsibility on the county treasurers, however, assessors would actually value the motor vehicles.
14. One-third of the oil severance tax proceeds will be \$6,404,000 in FY88 and \$6,940,000 in FY89 (REAC).
15. There will be no general fund appropriation for the block grant program in the biennium. Both the block grant fee and the district court fee are sunsetted for the end of this fiscal year.
16. The proposal will deduct as a district court fee 7% of the 2% tax, and will be credited to the state general fund.
17. Mill levies are 6 mills for the university levy, 45 mills for the foundation program and local levies average 251 mills in FY88 and 264 mills in FY89 (REAC).
18. The Block Grant program will not be fully funded by a general fund appropriation.

FISCAL IMPACT:Revenue Impact:

	FY88			FY89		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Additional General Fund						
Oil Severance Tax*	\$ 0	\$ 6,404,000	\$ 6,404,000	\$ 0	\$ 6,940,000	\$ 6,940,000
Light Vehicle Fees	33,567,000	0	(33,567,000)	36,252,000	0	(36,252,000)
Block Grant Program	6,404,000	0	(6,404,000)	6,940,000	0	(6,940,000)
Light Vehicle						
Property Tax	0	32,660,838	32,660,838	0	33,912,431	33,912,431
Motorcycle Property Tax	0	343,770	343,770	0	343,770	343,770
Trailer Flat Fees	Not Avail.	Not Avail.	Not Avail.	Not Avail.	Not Avail.	Not Avail.
Motorcycle Flat Fees	Not Avail.	Not Avail.	Not Avail.	Not Avail.	Not Avail.	Not Avail.
Total Revenue	\$39,971,000	\$39,408,608	\$ (562,392)	\$43,192,000	\$41,196,201	\$ (1,995,799)

Expenditure Impact:

Department of Justice	\$ 0	\$ 61,460	\$ 61,460	\$ 0	\$ 61,460	\$ 61,460
Department of Revenue	0	824,200	824,200	0	824,200	824,200
Total Expenditures	\$ 0	\$ 885,660	\$ 885,660	\$ 0	\$ 885,660	\$ 885,660
Net Effect	\$39,971,000	\$38,522,948	\$ (1,448,052)	\$43,192,000	\$40,310,541	\$ 2,881,459

* The proposal diverts oil severance tax collections from the block grant program to the general fund. This change in allocation is shown as a revenue impact to balance with the revenue impact with the fund distribution table.

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Fund Information:

General Fund**	\$	0	\$ 7,804,599	\$ 7,804,599	\$	0	\$ 8,428,210	\$ 8,428,210
Property Taxes/Block Grant/Fees:								
University Levy	\$	795,263	\$ 611,172	\$ (184,091)	\$	824,967	\$ 608,952	\$ (216,015)
Foundation Program	\$	5,964,872	\$ 4,584,099	\$ (1,380,773)	\$	6,187,729	\$ 4,567,495	\$ (1,620,234)
Other Taxing Jurisdictions	\$	33,210,865	\$25,523,078	\$ (7,687,787)	\$	36,179,304	\$26,705,884	\$ (9,473,420)

** The net effect to the general fund would be an increase of \$6,239,735 in FY88 and \$6,591,961 in FY89. The loss in revenue to the university levy and school foundation program would have to be made up by the general fund.

EFFECT ON LOCAL GOVERNMENT REVENUES:

The impact on local government revenues is shown in the fund distribution above. If all counties adopted the maximum 0.5% local option, an additional \$8,395,661 and \$8,705,086 would be raised in FY88 and FY89 respectively. Because the local option tax revenue would be distributed to all taxing jurisdictions, the school foundation program and university levy would benefit from local decisions to exercise the optional tax.

TECHNICAL OR MECHANICAL DEFECTS IN PROPOSED LEGISLATION OR CONFLICTS WITH EXISTING LEGISLATION:

House Bill 2 appropriates from the general fund \$2,500,000 a year for district court expenses. The district court portion of the 2% property tax would amount to \$2,286,259 in FY88 and \$2,373,870 in FY89. The district court revenue from the vehicle tax would be insufficient to meet the appropriation in HB2.

SB 200
#3

SENATE BILL NO. 200

INTRODUCED BY E. SMITH, SEVERSON, B. BROWN, TVEIT,

MCCALLUM, NATHE, HAGER, FARRELL, HIRSCH, LYBECK, BECK,

DEVLIN, C. SMITH, JONES, KOLSTAD, ELLISON

A BILL FOR AN ACT ENTITLED: "AN ACT TO REPLACE THE FEE IN LIEU OF TAX ON LIGHT VEHICLES, MOTORCYCLES, QUADRICYCLES, MOTOR HOMES, TRAVEL TRAILERS, AND CAMPERS WITH A PROPERTY TAX; TO ALLOW A LOCAL OPTION VEHICLE TAX; AMENDING SECTIONS 7-1-2111, 15-1-501, 15-6-138, 15-6-140, 15-6-201, 15-8-201, 15-8-202, 15-24-101, 15-24-105, 15-24-301, 15-30-121, 15-31-114, 15-36-112, 15-50-207, 20-9-141, 20-9-331, 20-9-333, 20-9-352, 20-9-501, 20-10-144, ~~61-3-1307~~, ~~61-3-1317~~, 61-3-303, 61-3-332, 61-3-431, 61-3-501 THROUGH 61-3-504, 61-3-506, 61-3-509, ~~61-3-5217~~, 61-3-522, 61-3-523, 61-3-524, ~~61-3-5317~~, ~~61-3-533~~ THROUGH 61-3-535, 61-3-701, AND 61-6-302, MCA; REPEALING SECTIONS 7-6-301 THROUGH 7-6-309, ~~61-3-521~~ THROUGH ~~61-3-5237~~, ~~61-3-532~~ 61-3-531 THROUGH 61-3-534, 61-3-536, 61-3-541, AND 61-3-542, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND, AN APPLICABILITY DATE, AND TERMINATION DATES."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 7-1-2111, MCA, is amended to read:

"7-1-2111. Classification of counties. (1) For the

purpose of regulating the compensation and salaries of all county officers, not otherwise provided for, and for fixing the penalties of officers' bonds, the several counties of this state shall be classified according to that percentage of the true and full valuation of the property therein upon which the tax levy is made, except for vehicles subject to taxation under 61-3-504(2), as follows:

(a) first class--all counties having such a taxable valuation of \$50 million or over;

(b) second class--all counties having such a taxable valuation of more than \$30 million and less than \$50 million;

(c) third class--all counties having such a taxable valuation of more than \$20 million and less than \$30 million;

(d) fourth class--all counties having such a taxable valuation of more than \$15 million and less than \$20 million;

(e) fifth class--all counties having such a taxable valuation of more than \$10 million and less than \$15 million;

(f) sixth class--all counties having such a taxable valuation of more than \$5 million and less than \$10 million;

(g) seventh class--all counties having such a taxable valuation of less than \$5 million.

1 (2) As used in this section, taxable valuation means
2 the taxable value of taxable property in the county as of
3 the time of determination plus:

4 (a) that portion of the taxable value of the county on
5 December 31, 1981, attributable to automobiles and trucks
6 having a rated capacity of three-quarters of a ton or less;
7 and

8 (b) the amount of new production taxes levied, as
9 provided in 15-23-607, divided by the appropriate tax rates
10 described in 15-23-607(2)(a) or (2)(b) and multiplied by
11 60%."

12 Section 2. Section 15-1-501, MCA, is amended to read:

13 "15-1-501. Disposition of moneys from certain
14 designated license and other taxes. (1) The state treasurer
15 shall deposit to the credit of the state general fund all
16 moneys received by him from the collection of:

17 (a) fees from driver's licenses, motorcycle
18 endorsements, and duplicate driver's licenses as provided in
19 61-5-121;

20 (b) electrical energy producer's license taxes under
21 chapter 51;

22 (c) severance taxes allocated to the general fund
23 under chapter 36;

24 (d) liquor license taxes under Title 16;

25 (e) telephone [company] license taxes under chapter

1 53; and

2 (f) inheritance and estate taxes under Title 72,
3 chapter 16.

4 (2) Seventy-five percent of all moneys received from
5 the collection of income taxes under chapter 30 and
6 corporation license and income taxes under chapter 31,
7 except as provided in 15-31-702, shall be deposited in the
8 general fund subject to the prior pledge and appropriation
9 of such income tax and corporation license tax collections
10 for the payment of long-range building program bonds. The
11 remaining 25% of the proceeds of the corporation license
12 tax, excluding that allocated to the counties under
13 15-31-702, corporation income tax, and income tax shall be
14 deposited to the credit of the state special revenue fund
15 for state equalization aid to the public schools of Montana.

16 (3) The state treasurer shall also deposit to the
17 credit of the state general fund all moneys received by him
18 from the collection of license taxes, fees, and all net
19 revenues and receipts from all other sources under the
20 operation of the Montana Alcoholic Beverage Code.

21 ~~(4) Thirty-three--and--one-third--percent--of--the--total~~
22 ~~collections--of--the--oil--severance--tax--under--chapter--36--shall~~
23 ~~be--deposited--into--the--local--government--block--grant--account~~
24 ~~within--the--state--special--revenue--fund.~~ After the
25 distribution provided for in 15-36-112, the remainder of the

1 oil severance tax collections shall be deposited in the
2 general fund."

3 Section 3. Section 15-6-138, MCA, is amended to read:

4 "15-6-138. Class eight property -- description --
5 taxable percentage. (1) Class eight property includes:

6 (a) all agricultural implements and equipment;

7 (b) all mining machinery, fixtures, equipment, tools,
8 and supplies except:

9 (i) those included in class five; and

10 (ii) coal and ore haulers;

11 (c) all manufacturing machinery, fixtures, equipment,
12 tools, and supplies except those included in class five;

13 (d) all trailers up to and including 18,000 pounds
14 maximum gross loaded weight, except those subject to ~~a fee~~
15 ~~in-lieu-of-property-tax~~ taxation under 61-3-504(2);

16 (e) aircraft;

17 (f) all goods and equipment intended for rent or
18 lease, except goods and equipment specifically included and
19 taxed in another class; and

20 (g) all other machinery except that specifically
21 included in another class.

22 (2) Class eight property is taxed at 11% of its market
23 value."

24 Section 4. Section 15-6-140, MCA, is amended to read:

25 "15-6-140. Class ten property -- description --

1 taxable percentage. (1) Class ten property includes:

2 (a) radio and television broadcasting and transmitting
3 equipment;

4 (b) cable television systems;

5 (c) coal and ore haulers;

6 (d) trucks having a rated capacity of more than 1 1/2
7 tons, including those prorated under 15-24-102;

8 (e) all trailers exceeding 18,000 pounds maximum gross
9 loaded weight, including those prorated under 15-24-102 and
10 except those subject to ~~a fee in-lieu-of-property-tax~~
11 taxation under 61-3-504(2);

12 (f) theater projectors and sound equipment; and

13 (g) all other property not included in any other class
14 in this part except that property subject to a fee in lieu
15 of a property tax.

16 (2) Class ten property is taxed at 16% of its market
17 value."

18 Section 5. Section 15-6-201, MCA, is amended to read:

19 "15-6-201. Exempt categories. (1) The following
20 categories of property are exempt from taxation:

21 (a) the property of:

22 (i) the United States, the state, counties, cities,
23 towns, school districts, except, if congress passes
24 legislation that allows the state to tax property owned by
25 an agency created by congress to transmit or distribute

1 electrical energy, the property constructed, owned, or
 2 operated by a public agency created by the congress to
 3 transmit or distribute electric energy produced at privately
 4 owned generating facilities (not including rural electric
 5 cooperatives);

6 (ii) irrigation districts organized under the laws of
 7 Montana and not operating for profit;

8 (iii) municipal corporations; and

9 (iv) public libraries;

10 (b) buildings, with land they occupy and furnishings
 11 therein, owned by a church and used for actual religious
 12 worship or for residences of the clergy, together with
 13 adjacent land reasonably necessary for convenient use of
 14 such buildings;

15 (c) property used exclusively for agricultural and
 16 horticultural societies, for educational purposes, and for
 17 hospitals;

18 (d) property that meets the following conditions:

19 (i) is owned and held by any association or
 20 corporation organized under Title 35, chapter 2, 3, 20, or
 21 21;

22 (ii) is devoted exclusively to use in connection with a
 23 cemetery or cemeteries for which a permanent care and
 24 improvement fund has been established as provided for in
 25 Title 35, chapter 20, part 3; and

1 (iii) is not maintained and operated for private or
 2 corporate profit;

3 (e) institutions of purely public charity;

4 (f) evidence of debt secured by mortgages of record
 5 upon real or personal property in the state of Montana;

6 (g) public art galleries and public observatories not
 7 used or held for private or corporate profit;

8 (h) all household goods and furniture, including but
 9 not limited to clocks, musical instruments, sewing machines,
 10 and wearing apparel of members of the family, used by the
 11 owner for personal and domestic purposes or for furnishing
 12 or equipping the family residence;

13 (i) a truck canopy cover or topper weighing less than
 14 300 pounds and having no accommodations attached. Such
 15 property is also exempt from ~~the fee-in-lieu-of-tax~~ taxation
 16 under 61-3-504(2) AND [SECTION 39 36].

17 (j) a bicycle, as defined in 61-1-123, used by the
 18 owner for personal transportation purposes;

19 (K) MOTOR HOMES, TRAVEL TRAILERS, AND CAMPERS;

20 ~~{k}--automobiles--and-trucks-having-a-rated-capacity-of~~
 21 ~~three-quarters-of-a-ton-or-less;~~

22 ~~{t}--motorcycles-and-quadracycles;~~

23 ~~{m}{k}(L)~~ fixtures, buildings, and improvements owned
 24 by a cooperative association or nonprofit corporation
 25 organized to furnish potable water to its members or

1 customers for uses other than the irrigation of agricultural
2 land;

3 ~~(e)~~(f)(1)(M) the right of entry that is a property right
4 reserved in land or received by mesne conveyance (exclusive
5 of leasehold interests), devise, or succession to enter land
6 whose surface title is held by another to explore, prospect,
7 or dig for oil, gas, coal, or minerals;

8 ~~(e)~~(f)(1)(N) property owned and used by a corporation or
9 association organized and operated exclusively for the care
10 of the developmentally disabled, mentally ill, or
11 vocationally handicapped as defined in 18-5-101, which is
12 not operated for gain or profit; and

13 ~~(p)~~(f)(1)(O) all farm buildings with a market value of
14 less than \$500 and all agricultural implements and machinery
15 with a market value of less than \$100.

16 (2) (a) The term "institutions of purely public
17 charity" includes organizations owning and operating
18 facilities for the care of the retired or aged or
19 chronically ill, which are not operated for gain or profit.

20 (b) The terms "public art galleries" and "public
21 observatories" include only those art galleries and
22 observatories, whether of public or private ownership, that
23 are open to the public without charge at all reasonable
24 hours and are used for the purpose of education only.

25 (3) The following portions of the appraised value of a

1 capital investment made after January 1, 1979, in a
2 recognized nonfossil form of energy generation, as defined
3 in 15-32-102, are exempt from taxation for a period of 10
4 years following installation of the property:

5 (a) \$20,000 in the case of a single-family residential
6 dwelling;

7 (b) \$100,000 in the case of a multifamily residential
8 dwelling or a nonresidential structure. (Subsection (1)(p)
9 (now (f)(1)(M) (1)(O)) applicable to taxable years beginning
10 after December 31, 1985--sec. 4, Ch. 463, L. 1985.)"

11 Section 6. Section 15-8-201, MCA, is amended to read:

12 "15-8-201. General assessment day. (1) The department
13 of revenue or its agent must, between January 1 and the
14 second Monday of July in each year, ascertain the names of
15 all taxable inhabitants and assess all property subject to
16 taxation in each county. The department or its agent must
17 assess property to the person by whom it was owned or
18 claimed or in whose possession or control it was at midnight
19 of January 1 next preceding. It must also ascertain and
20 assess all mobile homes arriving in the county after
21 midnight of January 1 next preceding. No mistake in the name
22 of the owner or supposed owner of real property, however,
23 renders the assessment invalid.

24 (2) The procedure provided by this section may not
25 apply to:

(a) motor vehicles that are required by 15-8-202 to be assessed on January 1 or upon their anniversary registration date;

~~(b)--automobiles--and--trucks--having--a--rated--capacity--of--three--quarters--of--a--ton--or--less;~~

~~(c)--motor--homes--and--travel--trailers--subject--to--a--fee--in--lieu--of--property--tax;~~

~~(d)--motorcycles--and--quadricycles;~~

(B) MOTOR HOMES, TRAVEL TRAILERS, AND CAMPERS;

~~(e)(b)(C)~~ livestock;

~~(f)(c)(D)~~ property defined in 61-1-104 as "special mobile equipment" that is subject to assessment for personal property taxes on the date that application is made for a special mobile equipment plate; and

~~(g)(d)(E)~~ mobile homes held by a distributor or dealer of mobile homes as a part of his stock in trade.

(3) Credits must be assessed as provided in 15-1-101(1)(d)."

Section 7. Section 15-8-202, MCA, is amended to read:

"15-8-202. Motor vehicle assessment. (1) The department, or OR its agent, or the county treasurer under 61-3-503, must, in each year, ascertain and assess all motor vehicles, OTHER THAN MOTOR HOMES, TRAVEL TRAILERS, AND CAMPERS ~~other--than--automobiles,--trucks--having--a--rated--capacity--of--three--quarters--of--a--ton--or--less,--motorcycles,~~

~~quadricycles, motor homes, travel trailers,~~ or mobile homes, in each county subject to taxation as of January 1 or as of the anniversary registration date of those vehicles AS PROVIDED BY LAW, subject to 61-3-313 through 61-3-316 and 61-3-501. The assessment for all motor vehicles ~~will~~ must be made ~~using--the--market--value--as--of--January--1--of--the--year--of--assessment--of--the--vehicle--as--contained--in--the--most--recent--volume--of--the--Mountain--States--Edition--of--the--National--Automobile--Dealers--Association--Official--Used--Car--Guide~~ in accordance with 61-3-503. The motor vehicles shall be assessed in each year to the persons by whom owned or claimed or in whose possession or control they were at midnight of January 1 or the anniversary registration date thereof, whichever is applicable.

(2) No tax may be assessed against motor vehicles subject to taxation that constitute inventory of motor vehicle dealers as of January 1. These vehicles and all other motor vehicles subject to taxation brought into the state subsequent to January 1 as motor vehicle dealers' inventories shall be assessed to their respective purchasers as of the dates the vehicles are registered by the purchasers.

(3) "Purchasers" includes dealers who apply for registration or reregistration of motor vehicles, except as otherwise provided by 61-3-502.

(4) Goods, wares, and merchandise of motor vehicle dealers, other than new motor vehicles and new mobile homes, shall be assessed at market value as of January 1."

Section 8. Section 15-24-101, MCA, is amended to read:

"15-24-101. Assessment of proportionally registered interstate motor vehicle fleets -- tax payment required for registration. (1) The department of revenue shall assess, for the purpose of personal property taxes, the taxable vehicles in interstate motor vehicle fleets proportionally registered under the provisions of 61-3-711 through 61-3-733, and the assessment shall be apportioned on the ratio of total miles traveled to in-state miles traveled formula as prescribed by 61-3-721. Interstate motor vehicle fleets are assessable for taxation purposes upon application for proportional registration and are assessed to the persons who own or claim or in whose possession or control the fleet is at the time of the application.

(2) With respect to any fleet contained in an original application which has a situs for purpose of property taxation in Montana by the terms of this part or any other provision of the laws of Montana between January 1 and April 1, the taxable vehicles are taxed for a full year. With respect to any fleet contained in an original application which acquires a situs for the purpose of property taxation in Montana under the provisions of this part or any other

law of the state of Montana after April 1, the taxes on taxable vehicles are apportioned as provided in 15-24-303.

(3) With respect to any fleet contained in a renewal application, the taxable vehicles are assessed and taxed for a full year.

(4) Automobiles and trucks having a rated capacity of three-quarters of a ton or less that are part of an interstate motor vehicle fleet are subject to ~~the--light vehicle-license-fee-imposed-by-61-3-532~~ property tax. If the fleet is proportionally registered, the fee tax is apportioned in the same fashion as the registration fee under 61-3-721.

(5) Vehicles contained in a fleet for which current taxes, fees, or both have been assessed and paid shall not be assessed or charged fees under this section upon presentation to the department of proof of payment of taxes, or fees, or both for the current registration year. The payment of personal property taxes, fees, or both, is a condition precedent to proportional registration or reregistration of an interstate motor vehicle fleet."

Section 9. Section 15-24-105, MCA, is amended to read:

"15-24-105. Deposit and distribution of taxes and fees on proportionally registered fleets. The personal property taxes and license fees collected under this part shall be deposited with the state treasurer for distribution to the

1 general fund of each county on the following basis:

2 (1) for personal property taxes, according to the
3 ratio of the taxable valuation of each county to the total
4 state taxable valuation; and

5 (2) for ~~light~~ vehicle license fees, according to the
6 ratio of ~~light~~ vehicle license fees, other than fees derived
7 from interstate motor vehicle fleets, collected in each
8 county to the sum of all such fees collected in all the
9 counties."

10 Section 10. Section 15-24-301, MCA, is amended to
11 read:

12 "15-24-301. Personal property brought into the state
13 -- assessment -- exceptions -- custom combine equipment. (1)
14 Except as provided in subsections (2) through ~~(6)~~ (5),
15 property in the following cases is subject to taxation and
16 assessment for all taxes levied that year in the county in
17 which it is located:

18 (a) any personal property (including livestock)
19 brought, driven, or coming into this state at any time
20 during the year that is used in the state for hire,
21 compensation, or profit;

22 (b) property whose owner or user is engaged in gainful
23 occupation or business enterprise in the state; or

24 (c) property which comes to rest and becomes a part of
25 the general property of the state.

1 (2) The taxes on this property are levied in the same
2 manner and to the same extent, except as otherwise provided,
3 as though the property had been in the county on the regular
4 assessment date, provided that the property has not been
5 regularly assessed for the year in some other county of the
6 state.

7 (3) Nothing in this section shall be construed to levy
8 a tax against a merchant or dealer within this state on
9 goods, wares, or merchandise brought into the county to
10 replenish the stock of the merchant or dealer.

11 (4) Any motor vehicle ~~not-subject-to-the-light-vehicle~~
12 ~~license-fee-or-a-fee-in-lieu-of-tax~~ NOT SUBJECT TO A FEE IN
13 LIEU OF TAX brought, driven, or coming into this state by
14 any nonresident person temporarily employed in Montana and
15 used exclusively for transportation of such person is
16 subject to taxation and assessment for taxes as follows:

17 (a) The motor vehicle is taxed by the county in which
18 it is located.

19 (b) One-fourth of the annual tax liability of the
20 motor vehicle must be paid for each quarter or portion of a
21 quarter of the year that the motor vehicle is located in
22 Montana.

23 (c) The quarterly taxes are due the first day of the
24 quarter.

25 (5) Agricultural harvesting machinery classified under

class eight, licensed in other states, and operated on the lands of persons other than the owner of the machinery under contracts for hire shall be subject to a fee in lieu of taxation of \$35 per machine for the calendar year in which the fee is collected. The machines shall be subject to taxation under class eight only if they are sold in Montana.

~~{6}--The--provisions--of--this--part--do--not--apply--to automobiles--and--trucks--having---a---rated---capacity---of three-quarters---of---a---ton---or---less,--motorcycles,--or quadricycles.--These vehicles are subject to the fee provided for in 61-3-532 or 61-3-541."~~

Section 11. Section 15-30-121, MCA, is amended to read:

"15-30-121. Deductions allowed in computing net income. In computing net income, there are allowed as deductions:

(1) the items referred to in sections 161 and 211 of the Internal Revenue Code of 1954, or as sections 161 and 211 shall be labeled or amended, subject to the following exceptions which are not deductible:

- (a) items provided for in 15-30-123;
- (b) state income tax paid;
- (2) federal income tax paid within the taxable year;
- (3) expenses of household and dependent care services as outlined in subsections (3)(a) through (3)(c) and subject

to the limitations and rules as set out in subsections (3)(d) through (3)(f) as follows:

(a) expenses for household and dependent care services necessary for gainful employment incurred for:

(i) a dependent under 15 years of age for whom an exemption can be claimed;

(ii) a dependent as allowable under 15-30-112(5), except that the limitations for age and gross income do not apply, who is unable to care for himself because of physical or mental illness; and

(iii) a spouse who is unable to care for himself because of physical or mental illness;

(b) employment-related expenses incurred for the following services, but only if such expenses are incurred to enable the taxpayer to be gainfully employed:

(i) household services which are attributable to the care of the qualifying individual; and

(ii) care of an individual who qualifies under subsection (3)(a);

(c) expenses incurred in maintaining a household if over half of the cost of maintaining the household is furnished by an individual or, if the individual is married during the applicable period, is furnished by the individual and his spouse;

(d) the amounts deductible in subsection (3)(a)

through (3)(c) are subject to the following limitations:

(i) a deduction is allowed under subsection (3)(a) for employment-related expenses incurred during the year only to the extent such expenses do not exceed \$4,800;

(ii) expenses for services in the household are deductible under subsection (3)(a) for employment-related expenses only if they are incurred for services in the taxpayer's household, except that employment-related expenses incurred for services outside the taxpayer's household are deductible, but only if incurred for the care of a qualifying individual described in subsection (3)(a)(i) and only to the extent such expenses incurred during the year do not exceed:

(A) \$2,400 in the case of one qualifying individual;

(B) \$3,600 in the case of two qualifying individuals;

and

(C) \$4,800 in the case of three or more qualifying individuals;

(e) if the combined adjusted gross income of the taxpayers exceeds \$18,000 for the taxable year during which the expenses are incurred, the amount of the employment-related expenses incurred must be reduced by one-half of the excess of the combined adjusted gross income over \$18,000;

(f) for purposes of this subsection (3):

(i) married couples shall file a joint return or file separately on the same form;

(ii) if the taxpayer is married during any period of the taxable year, employment-related expenses incurred are deductible only if:

(A) both spouses are gainfully employed on a substantially full-time basis; or

(B) the spouse is a qualifying individual described in subsection (3)(a)(iii);

(iii) an individual legally separated from his spouse under a decree of divorce or of separate maintenance may not be considered as married;

(iv) the deduction for employment-related expenses must be divided equally between the spouses when filing separately on the same form;

(v) payment made to a child of the taxpayer who is under 19 years of age at the close of the taxable year and payments made to an individual with respect to whom a deduction is allowable under 15-30-112(5) are not deductible as employment-related expenses;

(4) in the case of an individual, political contributions determined in accordance with the provisions of section 218(a) and (b) of the Internal Revenue Code that were in effect for the taxable year ended December 31, 1978;

(5) that portion of expenses for organic fertilizer

1 allowed as a deduction under 15-32-303 which was not
2 otherwise deducted in computing taxable income;

3 ~~(6)---light---vehicle---license---fees,---as---provided---by~~
4 ~~61-3-532,---paid-during-the-taxable-year;~~

5 ~~(7)---fees---in---lieu---of---taxes---on---motorcycles---and~~
6 ~~quadricycles,---as---provided---by---61-3-541,---paid---during-the~~
7 ~~taxable-year; and~~

8 ~~(8)(6)~~ contributions to the child abuse and neglect
9 prevention program provided for in 41-3-701, subject to the
10 conditions set forth in 15-30-156. (Subsection (8) [now
11 subsection (6)] terminates January 1, 1990--sec. 13, Ch.
12 610, L. 1985.)"

13 Section 12. Section 15-31-114, MCA, is amended to
14 read:

15 "15-31-114. Deductions allowed in computing income. In
16 computing the net income, the following deductions shall be
17 allowed from the gross income received by such corporation
18 within the year from all sources:

19 (1) All the ordinary and necessary expenses paid or
20 incurred during the taxable year in the maintenance and
21 operation of its business and properties, including
22 reasonable allowance for salaries for personal services
23 actually rendered, subject to the limitation hereinafter
24 contained, rentals or other payments required to be made as
25 a condition to the continued use or possession of property

1 to which the corporation has not taken or is not taking
2 title or in which it has no equity. No deduction shall be
3 allowed for salaries paid upon which the recipient thereof
4 has not paid Montana state income tax; provided, however,
5 that where domestic corporations are taxed on income derived
6 from without the state, salaries of officers paid in
7 connection with securing such income shall be deductible.

8 (2) (a) All losses actually sustained and charged off
9 within the year and not compensated by insurance or
10 otherwise, including a reasonable allowance for the wear and
11 tear and obsolescence of property used in the trade or
12 business, such allowance to be determined according to the
13 provisions of section 167 of the Internal Revenue Code in
14 effect with respect to the taxable year. All elections for
15 depreciation shall be the same as the elections made for
16 federal income tax purposes. No deduction shall be allowed
17 for any amount paid out for any buildings, permanent
18 improvements, or betterments made to increase the value of
19 any property or estate, and no deduction shall be made for
20 any amount of expense of restoring property or making good
21 the exhaustion thereof for which an allowance is or has been
22 made.

23 (b) (i) There shall be allowed as a deduction for the
24 taxable period a net operating loss deduction determined
25 according to the provisions of this subsection. The net

1 operating loss deduction is the aggregate of net operating
 2 loss carryovers to such taxable period plus the net
 3 operating loss carrybacks to such taxable period. The term
 4 "net operating loss" means the excess of the deductions
 5 allowed by this section, 15-31-114, over the gross income,
 6 with the modifications specified in (ii) of this subsection.
 7 If for any taxable period beginning after December 31, 1970,
 8 a net operating loss is sustained, such loss shall be a net
 9 operating loss carryback to each of the three taxable
 10 periods preceding the taxable period of such loss and shall
 11 be a net operating loss carryover to each of the five
 12 taxable periods following the taxable period of such loss. A
 13 net operating loss for any taxable period ending after
 14 December 31, 1975, in addition to being a net operating loss
 15 carryback to each of the three preceding taxable periods,
 16 shall be a net operating loss carryover to each of the seven
 17 taxable periods following the taxable period of such loss.
 18 The portion of such loss which shall be carried to each of
 19 the other taxable years shall be the excess, if any, of the
 20 amount of such loss over the sum of the net income for each
 21 of the prior taxable periods to which such loss was carried.
 22 For purposes of the preceding sentence, the net income for
 23 such prior taxable period shall be computed with the
 24 modifications specified in (ii)(B) of this subsection and by
 25 determining the amount of the net operating loss deduction

1 without regard to the net operating loss for the loss period
 2 or any taxable period thereafter, and the net income so
 3 computed shall not be considered to be less than zero.

4 (ii) The modifications referred to in (i) of this
 5 subsection shall be as follows:

6 (A) No net operating loss deduction shall be allowed.

7 (B) The deduction for depletion shall not exceed the
 8 amount which would be allowable if computed under the cost
 9 method.

10 (C) Any net operating loss carried over to any taxable
 11 years beginning after December 31, 1978, must be calculated
 12 under the provisions of this section effective for the
 13 taxable year for which the return claiming the net operating
 14 loss carryover is filed.

15 (iii) A net operating loss deduction shall be allowed
 16 only with regard to losses attributable to the business
 17 carried on within the state of Montana.

18 (iv) In the case of a merger of corporations, the
 19 surviving corporation shall not be allowed a net operating
 20 loss deduction for net operating losses sustained by the
 21 merged corporations prior to the date of merger. In the case
 22 of a consolidation of corporations, the new corporate entity
 23 shall not be allowed a deduction for net operating losses
 24 sustained by the consolidated corporations prior to the date
 25 of consolidation.

1 (v) Notwithstanding the provisions of 15-31-531,
2 interest shall not be paid with respect to a refund of tax
3 resulting from a net operating loss carryback or carryover.

4 (vi) The net operating loss deduction shall not be
5 allowed with respect to taxable periods which ended on or
6 before December 31, 1970, but shall be allowed only with
7 respect to taxable periods beginning on or after January 1,
8 1971.

9 (3) In the case of mines, other natural deposits, oil
10 and gas wells, and timber, a reasonable allowance for
11 depletion and for depreciation of improvements; such
12 reasonable allowance to be determined according to the
13 provisions of the Internal Revenue Code in effect for the
14 taxable year. All elections made under the Internal Revenue
15 Code with respect to capitalizing or expensing exploration
16 and development costs and intangible drilling expenses for
17 corporation license tax purposes shall be the same as the
18 elections made for federal income tax purposes.

19 (4) The amount of interest paid within the year on its
20 indebtedness incurred in the operation of the business from
21 which its income is derived; but no interest shall be
22 allowed as a deduction if paid on an indebtedness created
23 for the purchase, maintenance, or improvement of property or
24 for the conduct of business unless the income from such
25 property or business would be taxable under this part.

1 (5) (a) Taxes paid within the year, except the
2 following:

3 (i) Taxes imposed by this part.

4 (ii) Taxes assessed against local benefits of a kind
5 tending to increase the value of the property assessed.

6 (iii) Taxes on or according to or measured by net
7 income or profits imposed by authority of the government of
8 the United States.

9 (iv) Taxes imposed by any other state or country upon
10 or measured by net income or profits.

11 (b) Taxes deductible under this part shall be
12 construed to include taxes imposed by any county, school
13 district, or municipality of this state.

14 ~~{6}--Eight--vehicle--license--fees,--as---provided---by~~
15 ~~61-3-5327--and--fees--in--lieu--of--taxes--for--motorcycles--and~~
16 ~~quadricycles,--as--provided--by--61-3-5417--paid--within--the--year--~~

17 ~~{7}{6}~~ That portion of an energy-related investment
18 allowed as a deduction under 15-32-103.

19 ~~{8}{7}~~ (a) Except as provided in subsection (b),
20 charitable contributions and gifts that qualify for
21 deduction under section 170 of the Internal Revenue Code, as
22 amended.

23 (b) The public service commission shall not allow in
24 the rate base of a regulated corporation the inclusion of
25 contributions made under this subsection.

~~(9)~~(8) In lieu of the deduction allowed under subsection ~~(8)~~ (7), the taxpayer may deduct the fair market value, not to exceed 30% of the taxpayer's net income, of a computer or other sophisticated technological equipment or apparatus intended for use with the computer donated to an elementary, secondary, or accredited postsecondary school located in Montana if:

(a) the contribution is made no later than 5 years after the manufacture of the donated property is substantially completed;

(b) the property is not transferred by the donee in exchange for money, other property, or services; and

(c) the taxpayer receives a written statement from the donee in which the donee agrees to accept the property and representing that the use and disposition of the property will be in accordance with the provisions of (b) of this subsection ~~(9)~~ (8)."

Section 13. Section 15-36-112, MCA, is amended to read:

"15-36-112. Disposition of oil and gas severance taxes. (1) Each year the department of revenue shall determine the amount of tax collected under this chapter from within each county.

(2) The severance taxes collected under this chapter are allocated as follows:

~~(a)---33-1/3%--of--the--oil--severance--tax,--not--to--exceed \$42--million--for--the--biennium--ending--June--30,--1985,--is deposited--in--the--local--government--block--grant--account--within the--state--special--revenue--fund;~~

~~(b)~~(a) the amount, if any, by which the tax collected from within a county for any fiscal year exceeds the total amount collected from within that county for the previous fiscal year, by reason of increased production and not because of increase in or elimination of federal price ceilings on oil and gas, is statutorily appropriated, as provided in 17-7-502, for allocation to the general fund of the county for distribution as provided in subsection (3);

~~(c)~~(b) any amount not allocated to ~~the---local government---block---grant---account---or~~ the county under subsection (2)(a) ~~or--(2)(b)~~ is allocated to the state general fund.

(3) (a) The county treasurer shall distribute the money received under subsection ~~(2)(b)~~ (2)(a) of this section to the county and to all the incorporated cities and towns within the county in the following manner. The county receives the available money multiplied by the ratio of the rural population to the county population. Each incorporated municipality receives the available money multiplied by the ratio of the population of the incorporated municipality to the county population. The rural population is that

1 population of the county living outside the boundaries of an
2 incorporated municipality. Population shall be based on the
3 most recent figures as determined by the department of
4 commerce.

5 (b) The money distributed under this subsection may be
6 used for any purpose as determined by the governing body of
7 the county, city, or town."

8 Section 14. Section 15-50-207, MCA, is amended to
9 read:

10 "15-50-207. Credit against other taxes -- credit for
11 personal property taxes and certain fees. (1) The additional
12 license fees withheld or otherwise paid as provided herein
13 may be used as a credit on the contractor's corporation
14 license tax provided for in chapter 31 of this title or on
15 the contractor's income tax provided for in chapter 30,
16 depending upon the type of tax the contractor is required to
17 pay under the laws of the state.

18 (2) Personal property taxes, ~~fees-in-lieu-of-taxes-on~~
19 ~~motorcycles-or-quadracycles, or light vehicle--license--fees~~
20 ~~as--provided--by--61-3-532~~ paid in Montana on any personal
21 property of the contractor which is used in the business of
22 the contractor and is located within this state may be
23 credited against the license fees required under this
24 chapter. However, in computing the tax credit allowed by
25 this section against the contractor's corporation license

1 tax or income tax, the personal property tax ~~or light~~
2 ~~vehicle-license-fee~~ credit against the license fees herein
3 required shall not be considered as license fees paid for
4 the purpose of such income tax or corporation license tax
5 credit."

6 Section 15. Section 20-9-141, MCA, is amended to read:

7 "20-9-141. Computation of general fund net levy
8 requirement by county superintendent. (1) The county
9 superintendent shall compute the levy requirement for each
10 district's general fund on the basis of the following
11 procedure:

12 (a) Determine the total of the funding required for
13 the district's final general fund budget less the amount
14 established by the schedules in 20-9-316 through 20-9-321 by
15 totaling:

16 (i) the district's nonisolated school foundation
17 program requirement to be met by a district levy as provided
18 in 20-9-303;

19 (ii) the district's permissive levy amount as provided
20 in 20-9-352; and

21 (iii) any general fund budget amount adopted by the
22 trustees of the district under the provisions of 20-9-353,
23 including any additional levies authorized by the electors
24 of the district.

25 (b) Determine the total of the moneys available for

the reduction of the property tax on the district for the general fund by totaling:

(i) anticipated federal moneys received under the provisions of Title I of Public Law 81-874 or other anticipated federal moneys received in lieu of such federal act;

(ii) anticipated tuition payments for out-of-district pupils under the provisions of 20-5-303, 20-5-307, 20-5-312, and 20-5-313;

(iii) general fund cash reappropriated, as established under the provisions of 20-9-104;

(iv) anticipated or reappropriated state impact aid received under the provisions of 20-9-304;

(v) ~~anticipated or reappropriated motor--vehicle--fees and--reimbursement--under--the--provisions--of--61-3-532-and 61-3-536~~ revenue from vehicle property taxes imposed under 61-3-504(2) AND [SECTION 39 36];

(vi) anticipated net proceeds taxes for new production, as defined in 15-23-601;

(vii) anticipated interest to be earned or reappropriated interest earned by the investment of general fund cash in accordance with the provisions of 20-9-213(4); and

(viii) any other revenue anticipated by the trustees to be received during the ensuing school fiscal year which may

be used to finance the general fund.

(c) Subtract the total of the moneys available to reduce the property tax required to finance the general fund that has been determined in subsection (1)(b) from the total requirement determined in subsection (1)(a).

(2) The net general fund levy requirement determined in subsection (1)(c) shall be reported to the county commissioners on the second Monday of August by the county superintendent as the general fund levy requirement for the district, and a levy shall be made by the county commissioners in accordance with 20-9-142."

Section 16. Section 20-9-331, MCA, is amended to read:

"20-9-331. Basic county tax and other revenues for county equalization of the elementary district foundation program. (1) It shall be the duty of the county commissioners of each county to levy an annual basic tax of 28 mills on the dollars of the taxable value of all taxable property within the county, except for vehicles subject to taxation under 61-3-504(2), for the purposes of local and state foundation program support. The revenue to be collected from this levy shall be apportioned to the support of the foundation programs of the elementary school districts in the county and to the state special revenue fund, state equalization aid account, in the following manner:

SENATE BILL NO. 200

INTRODUCED BY E. SMITH, SEVERSON, B. BROWN, TVEIT,
MCCALLUM, NATHE, HAGER, FARRELL, HIRSCH, LYBECK, BECK,
DEVLIN, C. SMITH, JONES, KOLSTAD, ELLISON

A BILL FOR AN ACT ENTITLED: "AN ACT TO REPLACE THE FEE IN
LIEU OF TAX ON LIGHT VEHICLES, MOTORCYCLES, QUADRICYCLES,
MOTOR HOMES, TRAVEL TRAILERS, AND CAMPERS WITH A PROPERTY
TAX; TO ALLOW A LOCAL OPTION VEHICLE TAX; AMENDING SECTIONS
7-1-2111, 15-1-501, 15-6-138, 15-6-140, 15-6-201, 15-8-201,
15-8-202, 15-24-101, 15-24-105, 15-24-301, 15-30-121,
15-31-114, 15-36-112, 15-50-207, 20-9-141, 20-9-331,
20-9-333, 20-9-352, 20-9-501, 20-10-144, 61-3-130, 61-3-131,
61-3-303, 61-3-332, 61-3-431, 61-3-501 THROUGH 61-3-504,
61-3-506, 61-3-509, 61-3-521, 61-3-522, 61-3-523, 61-3-524,
61-3-531, 61-3-533 THROUGH 61-3-535, 61-3-701, AND 61-6-302,
MCA; REPEALING SECTIONS 7-6-301 THROUGH 7-6-309, ~~61-3-521~~
~~THROUGH--61-3-523, 61-3-532 61-3-531 THROUGH 61-3-534,~~
61-3-536, 61-3-541, AND 61-3-542, MCA; AND PROVIDING AN
IMMEDIATE EFFECTIVE DATE ~~AND,~~ AN APPLICABILITY DATE, AND
TERMINATION DATES."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 7-1-2111, MCA, is amended to read:

"7-1-2111. Classification of counties. (1) For the

THERE IS A CORRECTION ON P. 32
OF SB 200. DUE TO LENGTH THIS
BILL WILL NOT BE REPRINTED.
PLEASE INSERT CORRECTED PAGE
IN REFERENCE (SALMON) COPY.

SB 200

1 (a) In order to determine the amount of revenue raised
 2 by this levy which is retained by the county, the sum of the
 3 estimated revenues identified in subsection (2) below shall
 4 be subtracted from the sum of the county elementary
 5 transportation obligation and the total of the foundation
 6 programs of all elementary districts of the county.

7 (b) If the basic levy prescribed by this section
 8 produces more revenue than is required to finance the
 9 difference determined above, the county treasurer shall
 10 remit the surplus funds to the state treasurer for deposit
 11 to the state special revenue fund, state equalization aid
 12 account, immediately upon occurrence of a surplus balance
 13 and each subsequent month thereafter, with any final
 14 remittance due no later than June 20 of the fiscal year for
 15 which the levy has been set.

16 (2) The proceeds realized from the county's portion of
 17 the levy prescribed by this section and the revenues from
 18 the following sources shall be used for the equalization of
 19 the elementary district foundation programs of the county as
 20 prescribed in 20-9-334, and a separate accounting shall be
 21 kept of such proceeds and revenues by the county treasurer
 22 in accordance with 20-9-212(1):

23 (a) the portion of the federal Taylor Grazing Act
 24 funds distributed to a county and designated for the common
 25 school fund under the provisions of 17-3-222;

1 (b) the portion of the federal flood control act funds
 2 distributed to a county and designated for expenditure for
 3 the benefit of the county common schools under the
 4 provisions of 17-3-232;

5 (c) all money paid into the county treasury as a
 6 result of fines for violations of law and the use of which
 7 is not otherwise specified by law;

8 (d) any money remaining at the end of the immediately
 9 preceding school fiscal year in the county treasurer's
 10 account for the various sources of revenue established or
 11 referred to in this section;

12 (e) any federal or state money; ~~including anticipated~~
 13 ~~or-reappropriated-motor-vehicle-fees-and-reimbursement-under~~
 14 ~~the-provisions-of-61-3-532-and-61-3-536~~, distributed to the
 15 county as payment in lieu of the property taxation
 16 established by the county levy required by this section; and

17 (f) net proceeds taxes for new production, as defined
 18 in 15-23-601; and

19 (g) anticipated revenue from vehicle property taxes
 20 imposed under 61-3-504(2) AND [SECTION 39 36]."

21 Section 17. Section 20-9-333, MCA, is amended to read:

22 "20-9-333. Basic special levy and other revenues for
 23 county equalization of high school district foundation
 24 program. (1) It shall be the duty of the county
 25 commissioners of each county to levy an annual basic special

1 tax for high schools of 17 mills on the dollar of the
 2 taxable value of all taxable property within the county,
 3 except for vehicles subject to taxation under 61-3-504(2),
 4 for the purposes of local and state foundation program
 5 support. The revenue to be collected from this levy shall
 6 be apportioned to the support of the foundation programs of
 7 high school districts in the county and to the state special
 8 revenue fund, state equalization aid account, in the
 9 following manner:

10 (a) In order to determine the amount of revenue raised
 11 by this levy which is retained by the county, the estimated
 12 revenues identified in subsections (2)(a) and (2)(b) below
 13 shall be subtracted from the sum of the county's high school
 14 tuition obligation and the total of the foundation programs
 15 of all high school districts of the county.

16 (b) If the basic levy prescribed by this section
 17 produces more revenue than is required to finance the
 18 difference determined above, the county treasurer shall
 19 remit the surplus to the state treasurer for deposit to the
 20 state special revenue fund, state equalization aid account,
 21 immediately upon occurrence of a surplus balance and each
 22 subsequent month thereafter, with any final remittance due
 23 no later than June 20 of the fiscal year for which the levy
 24 has been set.

25 (2) The proceeds realized from the county's portion of

1 the levy prescribed in this section and the revenues from
 2 the following sources shall be used for the equalization of
 3 the high school district foundation programs of the county
 4 as prescribed in 20-9-334, and a separate accounting shall
 5 be kept of these proceeds by the county treasurer in
 6 accordance with 20-9-212(1):

7 (a) any money remaining at the end of the immediately
 8 preceding school fiscal year in the county treasurer's
 9 accounts for the various sources of revenue established in
 10 this section;

11 (b) any federal or state moneys, ~~including anticipated~~
 12 ~~or-reappropriated-motor-vehicle-fees-and-reimbursement-under~~
 13 ~~the-provisions-of-61-3-532-and-61-3-536,~~ distributed to the
 14 county as a payment in lieu of the property taxation
 15 established by the county levy required by this section; and

16 (c) net proceeds taxes for new production, as defined
 17 in 15-23-601; and

18 (d) anticipated revenue from vehicle property taxes
 19 imposed under 61-3-504(2) AND [SECTION 39 36]."

20 Section 18. Section 20-9-352, MCA, is amended to read:

21 "20-9-352. Permissive amount and permissive levy. (1)
 22 Whenever the trustees of any district shall deem it
 23 necessary to adopt a general fund budget in excess of the
 24 foundation program amount but not in excess of the maximum
 25 general fund budget amount for such district as established

1 by the schedules in 20-9-316 through 20-9-321, the trustees
 2 shall adopt a resolution stating the reasons and purposes
 3 for exceeding the foundation program amount. Such excess
 4 above the foundation program amount shall be known as the
 5 "permissive amount", and it shall be financed by a levy, as
 6 prescribed in 20-9-141, on the taxable value of all taxable
 7 property within the district, ~~as--prescribed-in-20-9-141~~
 8 except for vehicles subject to taxation under 61-3-504(2),
 9 supplemented with any biennial appropriation by the
 10 legislature for this purpose. The proceeds of such an
 11 appropriation shall be deposited to the state special
 12 revenue fund, permissive account.

13 (2) The district levies to be set for the purpose of
 14 funding the permissive amount are determined as follows:

15 (a) For each elementary school district, the county
 16 commissioners shall annually set a levy not exceeding 6
 17 mills on all the taxable property in the district, except
 18 for vehicles subject to taxation under 61-3-504(2), for the
 19 purpose of funding the permissive amount of the district.
 20 The permissive levy in mills shall be obtained by
 21 multiplying the ratio of the permissive amount to the
 22 maximum permissive amount by 6 or by using the number of
 23 mills which would fund the permissive amount, whichever is
 24 less. If the amount of revenue raised by this levy, plus
 25 anticipated ~~or---reappropriated--motor--vehicle--fees--and~~

1 ~~reimbursement-under-the-provisions-of-61-3-532-and-61-3-536,~~
 2 revenue from vehicle property taxes imposed under
 3 61-3-504(2) AND [SECTION 39 36], is not sufficient to fund
 4 the permissive amount in full, the amount of the deficiency
 5 shall be paid to the district from the state special revenue
 6 fund according to the provisions of subsections (3) and (4)
 7 of this section.

8 (b) For each high school district, the county
 9 commissioners shall annually set a levy not exceeding 4
 10 mills on all taxable property in the district, except for
 11 vehicles subject to taxation under 61-3-504(2), for the
 12 purpose of funding the permissive amount of the district.
 13 The permissive levy in mills shall be obtained by
 14 multiplying the ratio of the permissive levy to the maximum
 15 permissive amount by 4 or by using the number of mills which
 16 would fund the permissive amount, whichever is less. If the
 17 amount of revenue raised by this levy, plus anticipated
 18 ~~motor-vehicle-fees-and-reimbursement-under-the-provisions-of~~
 19 61-3-532--and--61-3-536, revenue from vehicle property taxes
 20 imposed under 61-3-504(2) AND [SECTION 39 36], and plus net
 21 proceeds taxes for new production, as defined in 15-23-601,
 22 is not sufficient to fund the permissive amount in full, the
 23 amount of the deficiency shall be paid to the district from
 24 the state special revenue fund according to the provisions
 25 of subsections (3) and (4) of this section.

(3) The superintendent of public instruction shall, if the appropriation by the legislature for the permissive account for the biennium is insufficient, request the budget director to submit a request for a supplemental appropriation in the second year of the biennium. The supplemental appropriation shall provide enough revenue to fund the permissive deficiency of the elementary and high school districts of the state. The proceeds of this appropriation shall be deposited to the state special revenue fund, permissive account, and shall be distributed to the elementary and high school districts in accordance with their entitlements as determined by the superintendent of public instruction according to the provisions of subsections (1) and (2) of this section.

(4) Distribution under this section from the state special revenue fund shall be made in two payments. The first payment shall be made at the same time as the first distribution of state equalization aid is made after January 1 of the fiscal year. The second payment shall be made at the same time as the last payment of state equalization aid is made for the fiscal year. If the appropriation is not sufficient to finance the deficiencies of the districts as determined according to subsection (2), each district will receive the same percentage of its deficiency. Surplus revenue in the second year of the biennium may be used to

reduce the appropriation required for the next succeeding biennium or may be transferred to the state equalization aid state special revenue fund if revenues in that fund are insufficient to meet foundation program requirements."

Section 19. Section 20-9-501, MCA, is amended to read:

"20-9-501. Retirement fund. (1) The trustees of any district employing personnel who are members of the teachers' retirement system or the public employees' retirement system or who are covered by unemployment insurance or who are covered by any federal social security system requiring employer contributions shall establish a retirement fund for the purposes of budgeting and paying the employer's contributions to such systems. The district's contribution for each employee who is a member of the teachers' retirement system shall be calculated in accordance with Title 19, chapter 4, part 6. The district's contribution for each employee who is a member of the public employees' retirement system shall be calculated in accordance with 19-3-801. The district may levy a special tax to pay its contribution to the public employees' retirement system under the conditions prescribed in 19-3-204. The district's contributions for each employee covered by any federal social security system shall be paid in accordance with federal law and regulation. The district's contribution for each employee who is covered by

1 unemployment insurance shall be paid in accordance with
2 Title 39, chapter 51, part 11.

3 (2) The trustees of any district required to make a
4 contribution to any such system shall include in the
5 retirement fund of the preliminary budget the estimated
6 amount of the employer's contribution and such additional
7 moneys, within legal limitations, as they may wish to
8 provide for the retirement fund cash reserve. After the
9 final retirement fund budget has been adopted, the trustees
10 shall pay the employer contributions to such systems in
11 accordance with the financial administration provisions of
12 this title.

13 (3) When the final retirement fund budget has been
14 adopted, the county superintendent shall establish the levy
15 requirement by:

16 (a) determining the sum of the moneys available to
17 reduce the retirement fund levy requirement by adding:

18 (i) any anticipated moneys that may be realized in the
19 retirement fund during the ensuing school fiscal year,
20 including anticipated ~~motor-vehicle-fees-and-reimbursement~~
21 ~~under-the-provisions-of-61-3-532-and-61-3-536~~ revenue from
22 vehicle property taxes imposed under 61-3-504(2) AND
23 [SECTION 39 36];

24 (ii) net proceeds taxes for new production, as defined
25 in 15-23-601; and

1 (iii) any cash available for reappropriation as
2 determined by subtracting the amount of the end-of-the-year
3 cash balance earmarked as the retirement fund cash reserve
4 for the ensuing school fiscal year by the trustees from the
5 end-of-the-year cash balance in the retirement fund. The
6 retirement fund cash reserve shall not be more than 35% of
7 the final retirement fund budget for the ensuing school
8 fiscal year and shall be used for the purpose of paying
9 retirement fund warrants issued by the district under the
10 final retirement fund budget.

11 (b) subtracting the total of the moneys available for
12 reduction of the levy requirement as determined in
13 subsection (3)(a) from the budgeted amount for expenditures
14 in the final retirement fund budget.

15 (4) The county superintendent shall total the net
16 retirement fund levy requirements separately for all
17 elementary school districts, all high school districts, and
18 all community college districts of the county, including any
19 prorated joint district or special education cooperative
20 agreement levy requirements, and shall report each such levy
21 requirement to the county commissioners on the second Monday
22 of August as the respective county levy requirements for
23 elementary district, high school district, and community
24 college district retirement funds. The county commissioners
25 shall fix and set such county levy in accordance with

1 20-9-142.

2 (5) The net retirement fund levy requirement for a
3 joint elementary district or a joint high school district
4 shall be prorated to each county in which a part of such
5 district is located in the same proportion as the district
6 ANB of the joint district is distributed by pupil residence
7 in each such county. The county superintendents of the
8 counties affected shall jointly determine the net retirement
9 fund levy requirement for each county as provided in
10 20-9-151.

11 (6) The net retirement fund levy requirement for
12 districts that are members of special education cooperative
13 agreements shall be prorated to each county in which such
14 district is located in the same proportion as the budget for
15 the special education cooperative agreement of the district
16 bears to the total budget of the cooperative. The county
17 superintendents of the counties affected shall jointly
18 determine the net retirement fund levy requirement for each
19 county in the same manner as provided in 20-9-151 and fix
20 and levy the net retirement fund levy for each county in the
21 same manner as provided in 20-9-152."

22 Section 20. Section 20-10-144, MCA, is amended to
23 read:

24 "20-10-144. Computation of revenues and net tax levy
25 requirements for the transportation fund budget. Before the

1 fourth Monday of July and in accordance with 20-9-123, the
2 county superintendent shall compute the revenue available to
3 finance the transportation fund budget of each district. The
4 county superintendent shall compute the revenue for each
5 district on the following basis:

6 (1) The "schedule amount" of the preliminary budget
7 expenditures that is derived from the rate schedules in
8 20-10-141 and 20-10-142 shall be determined by adding the
9 following amounts:

10 (a) the sum of the maximum reimbursable expenditures
11 for all approved school bus routes maintained by the
12 district (to determine the maximum reimbursable expenditure,
13 multiply the applicable rate per bus mile by the total
14 number of miles to be traveled during the ensuing school
15 fiscal year on each bus route approved by the county
16 transportation committee and maintained by such district);
17 plus

18 (b) the total of all individual transportation per
19 diem reimbursement rates for such district as determined
20 from the contracts submitted by the district multiplied by
21 the number of pupil-instruction days scheduled for the
22 ensuing school attendance year; plus

23 (c) any estimated costs for supervised home study or
24 supervised correspondence study for the ensuing school
25 fiscal year; plus

(d) the amount budgeted on the preliminary budget for the contingency amount permitted in 20-10-143, except if such amount exceeds 10% of the total of subsections (1)(a), (1)(b), and (1)(c) or \$100, whichever is larger, the contingency amount on the preliminary budget shall be reduced to such limitation amount and used in this determination of the schedule amount.

(2) The schedule amount determined in subsection (1) or the total preliminary transportation fund budget, whichever is smaller, shall be divided by 3 and the resulting one-third amount shall be used to determine the available state and county revenue to be budgeted on the following basis:

(a) the resulting one-third amount shall be the budgeted state transportation reimbursement, except that the state transportation reimbursement for the transportation of special education pupils under the provisions of 20-7-442 shall be two-thirds of the schedule amount attributed to the transportation of special education pupils;

(b) the resulting one-third amount, except as provided for joint elementary districts in subsection (2)(e), shall be the budgeted county transportation reimbursement for elementary districts and shall be financed by the basic county tax under the provisions of 20-9-334;

(c) the resulting one-third amount multiplied by 2

shall be the budgeted county transportation reimbursement amount for high school districts financed under the provisions of subsection (5) of this section, except as provided for joint high school districts in subsection (2)(e), and except that the county transportation reimbursement for the transportation of special education pupils under the provisions of 20-7-442 shall be one-third of the schedule amount attributed to the transportation of special education pupils;

(d) when the district has a sufficient amount of cash for reappropriation and other sources of district revenue, as determined in subsection (3), to reduce the total district obligation for financing to zero, any remaining amount of such district revenue and cash reappropriated shall be used to reduce the county financing obligation in subsections (2)(b) or (2)(c) and, if such county financing obligations are reduced to zero, to reduce the state financial obligation in subsection (2)(a); and

(e) the county revenue requirement for a joint district, after the application of any district moneys under subsection (2)(d) above, shall be prorated to each county incorporated by the joint district in the same proportion as the ANB of the joint district is distributed by pupil residence in each such county.

(3) The total of the moneys available for the

1 reduction of property tax on the district for the
2 transportation fund shall be determined by totaling:

3 (a) anticipated federal moneys received under the
4 provisions of Title I of Public Law 81-874 or other
5 anticipated federal moneys received in lieu of such federal
6 act; plus

7 (b) anticipated payments from other district for
8 providing school bus transportation services for such
9 district; plus

10 (c) anticipated payments from a parent or guardian for
11 providing school bus transportation services for his child;
12 plus

13 (d) anticipated interest to be earned by the
14 investment of transportation fund cash in accordance with
15 the provisions of 20-9-213(4); plus

16 (e) anticipated ~~motor-vehicle-fees--and--reimbursement~~
17 ~~under--the--provisions-of-61-3-532-and-61-3-536~~ revenue from
18 vehicle property taxes imposed under 61-3-504(2) ~~AND~~
19 [SECTION 39 36]; plus

20 (f) net proceeds taxes for new production, as defined
21 in 15-23-601; plus

22 (g) any other revenue anticipated by the trustees to
23 be earned during the ensuing school fiscal year which may be
24 used to finance the transportation fund; plus

25 (h) any cash available for reappropriation as

1 determined by subtracting the amount of the end-of-the-year
2 cash balance earmarked as the transportation fund cash
3 reserve for the ensuing school fiscal year by the trustees
4 from the end-of-the-year cash balance in the transportation
5 fund. Such cash reserve shall not be more than 20% of the
6 final transportation fund budget for the ensuing school
7 fiscal year and shall be for the purpose of paying
8 transportation fund warrants issued by the district under
9 the final transportation fund budget.

10 (4) The district levy requirement for each district's
11 transportation fund shall be computed by:

12 (a) subtracting the schedule amount calculated in
13 subsection (1) from the total preliminary transportation
14 budget amount and, for an elementary district, adding such
15 difference to the district obligation to finance one-third
16 of the schedule amount as determined in subsection (2); and

17 (b) subtracting the amount of moneys available to
18 reduce the property tax on the district, as determined in
19 subsection (3), from the amount determined in subsection
20 (4)(a) above.

21 (5) The county levy requirement for the financing of
22 the county transportation reimbursement to high school
23 districts shall be computed by adding all such requirements
24 for all the high school districts of the county, including
25 the county's obligation for reimbursements in joint high

1 school districts.

2 (6) The transportation fund levy requirements
3 determined in subsection (4) for each district and in
4 subsection (5) for the county shall be reported to the
5 county commissioners on the second Monday of August by the
6 county superintendent as the transportation fund levy
7 requirements for the district and for the county, and such
8 levies shall be made by the county commissioners in
9 accordance with 20-9-142."

10 Section 21. Section 61-1-130, MCA, is amended to read:

11 "61-1-130. Motor home. "Motor home" as used in
12 61-3-521 and 61-3-522 means a self-propelled motor vehicle
13 originally designed or permanently altered to provide
14 temporary facilities for recreational travel or camping
15 use."

16 Section 22. Section 61-1-131, MCA, is amended to read:

17 "61-1-131. Travel trailer. "Travel trailer" as used
18 in 61-3-521 and 61-3-523 means a trailer 45 feet or less in
19 length and 8 feet or less in width originally designed or
20 permanently altered to provide temporary facilities for
21 recreational travel or camping use and not used as a
22 principal residence."

23 Section 21. Section 61-3-303, MCA, is amended to read:

24 "61-3-303. Application for registration. (1) Every
25 owner of a motor vehicle operated or driven upon the public

1 highways of this state shall for each motor vehicle owned,
2 except as herein otherwise expressly provided, file or cause
3 to be filed in the office of the county treasurer where the
4 motor vehicle is owned or taxable OWNER MAKES HIS PERMANENT
5 RESIDENCE AT THE TIME OF MAKING THE APPLICATION OR, IF THE
6 VEHICLE IS OWNED BY A CORPORATION OR USED PRIMARILY FOR
7 COMMERCIAL PURPOSES, IN THE TAXING JURISDICTION OF THE
8 COUNTY WHERE THE VEHICLE IS PERMANENTLY ASSIGNED, an
9 application for registration or reregistration upon a blank
10 form to be prepared and furnished by the department. The
11 application shall contain:

12 (a) name and address of owner, giving county, school
13 district, and town or city within whose corporate limits the
14 motor vehicle is taxable, if taxable, or within whose
15 corporate limits the owner's residence is located if the
16 motor vehicle is not taxable;

17 (b) name and address of the holder of any security
18 interest in the motor vehicle;

19 (c) description of motor vehicle, including make, year
20 model, engine or serial number, manufacturer's model or
21 letter, gross weight, type of body, and if truck, the rated
22 capacity;

23 (d) in case of reregistration, the license number for
24 the preceding year; and

25 (e) such other information as the department may

1 require.

2 (2) A person who files an application for registration
3 or reregistration of a motor vehicle, except of a mobile
4 home as defined in 15-1-101(1), shall upon the filing of the
5 application pay to the county treasurer:

6 (a) the registration fee, as provided in 61-3-311 and
7 61-3-321; and

8 (b) unless it has been previously paid:

9 (i) the personal property taxes assessed against the
10 vehicle for the current year of registration and the
11 immediately previous year; or

12 (ii) the new motor vehicle sales tax against the
13 vehicle for the current year of registration; OR and/or the
14 license fee imposed by 61-3-532 for the current year of
15 registration and the immediately previous year; or

16 (iii) in the case of a motorcycle, quadricycle, motor
17 home, travel trailer, or camper, the fee in lieu of property
18 tax for the current year of registration.

19 (III) IN THE CASE OF A MOTOR HOME, TRAVEL TRAILER, OR
20 CAMPER, THE FEE IN LIEU OF TAX FOR THE CURRENT YEAR OF
21 REGISTRATION.

22 (3) The application may not be accepted by the county
23 treasurer unless the payments required by subsection (2)
24 accompany the application. The DEPARTMENT OR ITS AGENT MAY
25 NOT ASSESS AND THE county treasurer may not assess or

1 collect taxes or fees for a period other than:

2 (a) the current year; and

3 (b) the immediately previous year, if the vehicle was
4 not registered or operated on the highways of the state,
5 regardless of the period of time since the vehicle was
6 previously registered or operated.

7 (4) The ~~county treasurer~~ DEPARTMENT OR ITS AGENT may
8 make full and complete investigation of the tax status of
9 the vehicle. Any applicant for registration or
10 reregistration must submit proof from the tax or other
11 appropriate records of the proper county at the request of
12 the ~~county treasurer~~ DEPARTMENT OR ITS AGENT."

13 Section 22. Section 61-3-332, MCA, is amended to read:

14 "61-3-332. Number plates. (1) Every motor vehicle
15 which shall be driven upon the streets or highways of this
16 state shall display both front and rear a number plate,
17 bearing the distinctive number assigned such vehicle. Such
18 number plate shall be in eight series: one series for owners
19 of motorcars, one for owners of motor vehicles of the
20 motorcycle or quadricycle type, one for trailers, one for
21 trucks, one for dealers in vehicles of the motorcycle or
22 quadricycle type which shall bear the distinctive letters
23 "MCD" or the letters "MC" and the word "DEALER", one for
24 franchised dealers in new motorcars (including trucks and
25 trailers) or new and used motorcars (including trucks and

1 trailers) which shall bear the distinctive letter "D" or the
 2 word "DEALER", one for dealers in used motorcars only
 3 (including used trucks and trailers) which shall bear the
 4 distinctive letters "UD" or the letter "U" and the word
 5 "DEALER", and one for dealers in trailers and/or
 6 semitrailers (new or used) which shall bear the distinctive
 7 letters "DTR" or the letters "TR" and the word "DEALER". All
 8 such markings for the aforementioned kinds of dealers'
 9 plates shall be placed on the number plates assigned thereto
 10 in such position thereon as the department may designate.

11 (2) All number plates for motor vehicles shall be
 12 issued for a minimum period of 4 years, shall bear a
 13 distinctive marking, and shall be furnished by the state.
 14 In years when number plates are not issued, the department
 15 shall provide nonremovable stickers bearing appropriate
 16 registration numbers, which shall be affixed to the license
 17 plates in use.

18 (3) In the case of motorcars and trucks, plates shall
 19 be of metal 6 inches wide and 12 inches in length. The
 20 outline of the state of Montana shall be used as a
 21 distinctive border on such license plates, and the word
 22 "Montana" with the year shall be placed across the plates.
 23 Such registration plates shall be treated with a
 24 reflectorized background material according to
 25 specifications prescribed by the department.

1 (4) The distinctive registration numbers shall begin
 2 with a number one or with a letter-number combination such
 3 as "A 1" or "AA 1", or any other similar combination of
 4 letters and numbers. The distinctive registration number or
 5 letter-number combination assigned to the vehicle shall
 6 appear on the plate preceded by the number of the county and
 7 appearing in horizontal order on the same horizontal
 8 baseline, and the county number shall be separated from the
 9 distinctive registration number by a separation mark unless
 10 a letter-number combination is used. The dimensions of such
 11 numerals and letters shall be determined by the department,
 12 provided that all county and registration numbers shall be
 13 of equal height.

14 (5) For the use of tax-exempt motor vehicles ~~that--are~~
 15 ~~also--exempt--from-the-light-vehicle-license-fee-as-provided~~
 16 ~~in--subsection--(2)(a)--of--61-3-532~~, in addition to the
 17 markings herein provided, number plates shall have thereon
 18 the following distinctive markings:

19 (a) For vehicles owned by the state the department may
 20 designate the prefix number for the various state
 21 departments, and all numbered plates issued to state
 22 departments shall bear the words "State Owned" and no year
 23 number will be indicated thereon as these numbered plates
 24 will be of a permanent nature and will be replaced by the
 25 department at such time when the physical condition of

1 numbered plates requires same.

2 (b) For vehicles owned by the counties,
3 municipalities, irrigation districts organized under the
4 laws of Montana and not operating for profit, and school
5 districts and used and operated by officials and employees
6 thereof in line of duty as such, and for vehicles on loan
7 from the United States government or the state of Montana,
8 to, or owned by, the civil air patrol and used and operated
9 by officials and employees thereof in the line of duty as
10 such, there shall be placed on the number plates assigned
11 thereto, in such position thereon as the department may
12 designate, the letter "X" or the word "EXEMPT". Distinctive
13 registration numbers for plates assigned to motor vehicles
14 of each of the counties in the state and those of the
15 municipalities and school districts situated within each of
16 said counties and those of the irrigation districts which
17 obtain plates within each county shall begin with number one
18 and be numbered consecutively.

19 (6) On all number plates assigned to motor vehicles or
20 the truck and trailer type, other than tax-exempt trucks
21 ~~that are also exempt from the light vehicle license fee and~~
22 ~~provided in subsection (2)(a) of 61-3-532 and tax-exempt~~
23 tax-exempt trailers, there shall appear the letter "T" or
24 the word "TRUCK" for plates assigned to trucks and the
25 letters "TR" or the word "TRAILER" for plates assigned to

1 trailers and housetrailer. The letters "MC" or the word
2 "CYCLE" shall appear for plates assigned to vehicles of the
3 motorcycle or quadricycle type.

4 (7) Number plates issued to a passenger car, truck,
5 trailer, or vehicle of the motorcycle or quadricycle type
6 may be transferred only to a replacement passenger car,
7 truck, trailer, or motorcycle- or quadricycle-type vehicle.
8 No registration or license fee may be assessed upon a
9 transfer of a number plate under 61-3-317 and 61-3-335.

10 (8) For the purpose of this chapter, the several
11 counties of the state shall be assigned numbers as follows:
12 Silver Bow, 1; Cascade, 2; Yellowstone, 3; Missoula, 4;
13 Lewis and Clark, 5; Gallatin, 6; Flathead, 7; Fergus, 8;
14 Powder River, 9; Carbon, 10; Phillips, 11; Hill, 12;
15 Ravalli, 13; Custer, 14; Lake, 15; Dawson, 16; Roosevelt,
16 17; Beaverhead, 18; Chouteau, 19; Valley, 20; Toole, 21; Big
17 Horn, 22; Musselshell, 23; Blaine, 24; Madison, 25; Pondera,
18 26; Richland, 27; Powell, 28; Rosebud, 29; Deer Lodge, 30;
19 Teton, 31; Stillwater, 32; Treasure, 33; Sheridan, 34;
20 Sanders, 35; Judith Basin, 36; Daniels, 37; Glacier, 38;
21 Fallon, 39; Sweet Grass, 40; McCone, 41; Carter, 42;
22 Broadwater, 43; Wheatland, 44; Prairie, 45; Granite, 46;
23 Meagher, 47; Liberty, 48; Park, 49; Garfield, 50; Jefferson,
24 51; Wibaux, 52; Golden Valley, 53; Mineral, 54; Petroleum,
25 55; Lincoln, 56. Any new counties shall be assigned numbers

by the department as they may be formed, beginning with the number 57."

Section 23. Section 61-3-431, MCA, is amended to read:

"61-3-431. Special mobile equipment -- exemption from registration and payment of fees and charges -- identification plate -- publicly owned special mobile equipment. (1) A person, firm, partnership, or corporation who owns, leases, or rents special mobile equipment as defined in 61-1-104 and occasionally moves that equipment on, over, or across the highways of the state is not subject to registration of that equipment or required to pay the fees and charges provided for in 61-3-502, 61-4-301 through 61-4-308, or part 2 of chapter 10. Prior to movement on the highways, however, each piece of equipment shall display an equipment identification plate or a dealer's license plate attached to the equipment.

(2) Annual application for the identification plate shall be made to the county treasurer before any piece of equipment is moved on the highways. Application shall be made on a form furnished by the department of justice, together with the payment of a fee of \$5. The equipment for which a special mobile equipment plate is sought is subject to the assessment of personal property taxes on the date application is made for the plate. The personal property taxes assessed against the special mobile equipment must be

paid before the issuance of a special mobile equipment plate. The fees collected under this section belong to the county road fund.

(3) The identification plate expires on December 31 of each year. If the expired identification plate is displayed, an owner of special mobile equipment registered under the provisions of this section is entitled to operate the equipment between January 1 and February 15 following expiration without displaying the identification plate or receipt of the current year.

(4) Publicly owned special mobile equipment and implements of husbandry used exclusively by an owner in the conduct of his own farming operations are exempt from this section."

Section 24. Section 61-3-501, MCA, is amended to read:

"61-3-501. When vehicle taxes and fees are due. (1) Property taxes, new car taxes, ~~light-vehicle--license--fees,~~ and fees ~~in-lieu-of-tax-on-a-motorcycle, quadricycle, motor home, or--travel--trailer~~ must be paid on the date of registration or reregistration of the vehicle.

(2) If the anniversary date for reregistration of a vehicle passes while the vehicle is owned and held for sale by a licensed new or used car dealer, property taxes, ~~light vehicle--license--fees, or the fee-in-lieu-of--property--taxes~~ abate on such vehicle properly reported with the department

1 of revenue until the vehicle is sold and thereafter the
 2 purchaser shall pay the pro rata balance of the taxes ~~or the~~
 3 ~~fee-in-lieu-of-tax~~ due and owing on the vehicle.

4 (3) In the event a vehicle's registration period is
 5 changed under 61-3-315, all taxes and other fees due thereon
 6 shall be prorated and paid from the last day of the old
 7 period until the first day of the new period in which the
 8 vehicle shall be registered. Thereafter taxes and other fees
 9 must be paid from the first day of the new period for a
 10 minimum period of 1 year. When the change is to a later
 11 registration period, taxes and fees shall be prorated and
 12 paid based on the same tax year as the original registration
 13 period. Thereafter, during the appropriate anniversary
 14 registration period, each vehicle shall again register or
 15 reregister and shall pay all taxes and fees due thereon for
 16 a 12-month period."

17 Section 25. Section 61-3-502, MCA, is amended to read:

18 "61-3-502. Sales tax on new motor vehicles --
 19 exemptions. (1) In consideration of the right to use the
 20 highways of the state, there is imposed a tax upon all sales
 21 of new motor vehicles for which a license is sought and an
 22 original application for title is made. The tax shall be
 23 paid by the purchaser when he applies for his original
 24 Montana license through the county treasurer.

25 (2) Except as provided in subsection (4), the sales

1 tax shall be:

2 (a) 1 1/2% of the f.o.b. factory list price or f.o.b.
 3 port-of-entry list price, during the first quarter of the
 4 year or for a registration period other than a calendar year
 5 or calendar quarter;

6 (b) 1 1/8% of the list price during the second quarter
 7 of the year;

8 (c) 3/4 of 1% during the third quarter of the year;

9 (d) 3/8 of 1% during the fourth quarter of the year.

10 (3) If the manufacturer or importer fails to furnish
 11 the f.o.b. factory list price or f.o.b. port-of-entry list
 12 price, the department may use published price lists.

13 (4) The new car sales tax on vehicles subject to the
 14 provisions of 61-3-313 through 61-3-316 is 1 1/2% of the
 15 f.o.b. factory list price or f.o.b. port-of-entry list price
 16 regardless of the month in which the new vehicle is
 17 purchased.

18 (5) The proceeds from this tax shall be remitted to
 19 the state treasurer every 30 days for credit to the state
 20 highway account of the state special revenue fund.

21 (6) The new vehicle ~~is subject to the right vehicle~~
 22 ~~license fee, if applicable, but~~ is not subject to any other
 23 assessment, FEE IN LIEU OF TAX, taxation, or fee-in-lieu-of
 24 tax or tax during the calendar year in which the original
 25 application for title is made.

1 (7) (a) The applicant for original registration of any
 2 new and unused motor vehicle, or a new motor vehicle
 3 furnished without charge by a dealer to a school district
 4 for use as a traffic education motor vehicle by a school
 5 district operating a state-approved traffic education
 6 program within the state, whether or not previously licensed
 7 or titled to the school district (except a mobile home as
 8 defined in 15-1-101(1)), acquired by original contract after
 9 January 1 of any year, is required, whenever the vehicle has
 10 not been otherwise assessed, to pay the motor vehicle sales
 11 tax provided by this section irrespective of whether the
 12 vehicle was in the state of Montana on January 1 of the
 13 year.

14 (b) No motor vehicle may be registered or licensed
 15 under the provisions of this subsection unless the
 16 application for registration is accompanied by a statement
 17 of origin to be furnished by the dealer selling the vehicle,
 18 showing that the vehicle has not previously been registered
 19 or owned, except as otherwise provided herein, by any
 20 person, firm, corporation, or association that is not a new
 21 motor vehicle dealer holding a franchise or distribution
 22 agreement from a new car manufacturer, distributor, or
 23 importer.

24 (8) (a) Motor vehicles operating exclusively for
 25 transportation of persons for hire within the limits of

1 incorporated cities or towns and within 15 miles from such
 2 limits are exempt from subsection (1).

3 (b) Motor vehicles brought or driven into Montana by a
 4 nonresident, migratory, bona fide agricultural worker
 5 temporarily employed in agricultural work in this state
 6 where those motor vehicles are used exclusively for
 7 transportation of agricultural workers are also exempt from
 8 subsection (1).

9 (c) Vehicles lawfully displaying a licensed dealer's
 10 plate as provided in 61-4-103 are exempt from subsection (1)
 11 when moving to or from a dealer's place of business when
 12 unloaded or loaded with dealer's property only, and in the
 13 case of vehicles having a gross loaded weight of less than
 14 24,000 pounds, while being demonstrated in the course of the
 15 dealer's business."

16 Section 26. Section 61-3-503, MCA, is amended to read:
 17 "61-3-503. Assessment. (1) Except as provided in
 18 subsection (2), the following apply to the taxation of motor
 19 vehicles:

20 (a) Except as provided in subsection subsections
 21 (1)(c) through (1)(e), a person who files an application for
 22 registration or reregistration of a motor vehicle shall
 23 before filing such application with the county treasurer
 24 submit the application to the county assessor. The county
 25 assessor shall enter on the application in a space to be

provided for that purpose the market value and taxable value of the vehicle as of January 1 of the year for which the application for registration is made.

(b) Except as provided in subsection (1)(c), motor vehicles are assessed for taxes on January 1 in each year irrespective of the time fixed by law for the assessment of other classes of personal property and irrespective of whether the levy and tax may be a lien upon real property within the state. In no event may any motor vehicle be subject to assessment, levy, and taxation more than once in each year.

(c) Vehicles subject to the provisions of 61-3-313 through 61-3-316 shall be assessed by-the--county--treasurer as of the first day of the registration period, using the market average trade-in, or wholesale, value as of January 1 of the year of assessment of the vehicle as contained in the most recent volume of the Mountain States Edition of the National Automobile Dealers Association (N.A.D.A.) Official Used Car Guide or--of, the National Edition of N.A.D.A. Appraisal Guides Official Older Used Car Guide, OR, FOR VEHICLES NOT LISTED IN THE PRECEDING GUIDES, THE LOW VALUE LISTED IN THE VALUE GUIDE TO CARS OF PARTICULAR INTEREST, not including additions or deductions for options and mileage; and a lien for taxes and fees due thereon shall occur on the anniversary date of the registration and all

continue until such fees and taxes have been paid. IF THE VALUE SHOWN IN ANY OF THE APPRAISAL GUIDES LISTED IN THIS SECTION IS LESS THAN \$1,000, THE DEPARTMENT SHALL VALUE THE VEHICLE AT \$1,000.

(d) Motorcycles, AND quadricycles,--motor-homes,--travel trailers,--and--campers shall be assessed by--the--county treasurer, using the greater of the following:

(i) \$1,000 \$250; or

(ii) the average trade-in, or wholesale, value as of January 1 of the year of assessment of the vehicle as contained in the most recent volume of the applicable National Edition of the N.A.D.A. Motorcycle/Moped/ATV Appraisal Guide or N.A.D.A. Recreational Vehicle Appraisal Guide, not including additions or deductions for options and mileage.

(e) If a vehicle assessed under subsection (1)(c) or (1)(d) is not originally listed in the applicable N.A.D.A. guide, the county treasurer ASSESSOR DEPARTMENT OF REVENUE OR ITS AGENT shall depreciate the original f.o.b. factory list price or, f.o.b. port-of-entry list price at-the--rate of--10%--a-year-until-a-minimum-value-of-\$1,000-is-attained, and-the-value-shall-remain-at-that-amount--so--long--as--the vehicle-is-registered. When a vehicle, OR THE MANUFACTURER'S SUGGESTED LIST PRICE, USING THE FOLLOWING METHODS:

(1) IF THE NEW CAR SALES TAX HAS BEEN PREVIOUSLY PAID

1 AND THE VEHICLE IS LESS THAN 1 YEAR IN AGE, THE DEPRECIATION
 2 PERCENTAGE SHALL BE 20%; OR

3 (II) IF THE VEHICLE IS 1 YEAR OR OLDER IN AGE AND IT IS
 4 NOT LISTED IN ANY OF THE APPRAISAL GUIDES LISTED IN THIS
 5 SECTION, THE DEPARTMENT OF REVENUE SHALL DETERMINE THE
 6 DEPRECIATION PERCENTAGE TO APPROXIMATE THE AVERAGE WHOLESALE
 7 OR TRADE-IN VALUES IN THE CURRENT N.A.D.A. GUIDES REFERRED
 8 TO IN THIS SUBSECTION. FOR PURPOSES OF THIS SUBSECTION (1),
 9 THE AGE OF THE VEHICLE IS DETERMINED BY SUBTRACTING THE
 10 MANUFACTURER'S MODEL YEAR OF THE VEHICLE FROM THE CALENDAR
 11 YEAR OF ASSESSMENT.

12 (F) WHEN A MINIMUM VALUE OF \$1,000 \$500 IS REACHED,
 13 THE VALUE SHALL REMAIN AT THAT MINIMUM SO LONG AS THE
 14 VEHICLE IS REGISTERED.

15 (G) IF A PREVIOUSLY REGISTERED VEHICLE is no longer
 16 listed in the applicable N.A.D.A. guide, the county
 17 treasurer ASSESSOR DEPARTMENT OR ITS AGENT shall depreciate
 18 the value of the vehicle at the rate of 10% a year until a
 19 minimum amount of \$1,000 \$500 is attained, and the value
 20 shall remain at that amount so long as the vehicle is
 21 registered. If the treasurer is unable to determine the
 22 original f.o.b. list price or the proper N.A.D.A. value for
 23 a motor vehicle, the assessor shall determine the value.

24 (2) The provisions of subsections (1)(a) through
 25 (1)(c) (1)(e) (1)(G) do not apply to MOTOR HOMES, TRAVEL

1 TRAILERS, CAMPERS, OR automobiles-and-trucks-having-a--rated
 2 capacity--of--three-quarters--of-a-ton-or-less, motorcycles,
 3 quadricycles, motor-homes, travel-trailers, or mobile homes
 4 as defined in 15-1-101(1)."

5 Section 27. Section 61-3-504, MCA, is amended to read:

6 "61-3-504. Computation of tax. (1) The amount of taxes
 7 on a motor vehicle, other than an automobile, truck having a
 8 rated capacity of three-quarters of a ton or less,
 9 motorcycle, quadricycle, motor home, travel trailer, camper,
 10 or mobile home as-defined-in-15-1-101(1), is computed and
 11 determined by the county treasurer on the basis of the levy
 12 of the year preceding the current year of application for
 13 registration or reregistration.

14 (2) (A) The amount of tax on an automobile or truck
 15 having a rated capacity of three-quarters of a ton or less,
 16 EXCEPT FOR VEHICLES OWNED BY DISABLED VETERANS QUALIFYING
 17 FOR SPECIAL LICENSE PLATES UNDER 61-3-451, and on a
 18 motorcycle, OR quadricycle, motor-home, travel-trailer, or
 19 camper is determined-by-the-county-treasurer-and-is-based-on
 20 2-5% 2% of the value determined under 61-3-503.

21 (B) THE AMOUNT OF TAX ON A MOTOR HOME, TRAVEL TRAILER,
 22 OR CAMPER IS DETERMINED BY THE COUNTY TREASURER AND IS BASED
 23 ON 1% OF THE VALUE DETERMINED UNDER 61-3-503.

24 (3) The determination For all TAXABLE motor vehicles,
 25 the amount of tax is entered on the application form in a

1 space provided therefor."

2 Section 28. Section 61-3-506, MCA, is amended to read:

3 "61-3-506. Rules. The department of revenue shall
4 adopt rules for the payment of property taxes ~~and fees in~~
5 ~~lieu of property taxes~~ and the department of highways shall
6 adopt rules for the payment of new car taxes under the
7 provisions of 61-3-313 through 61-3-316 and 61-3-501. The
8 department of revenue may adopt rules for the proration of
9 taxes ~~and fees in lieu of taxes~~ for the implementation and
10 administration of 61-3-313 through 61-3-316 and 61-3-501,
11 but shall specifically provide that new car taxes shall be
12 for a 12-month period."

13 Section 29. Section 61-3-509, MCA, is amended to read:

14 "61-3-509. (Temporary) Disposition of taxes ~~and fees~~
15 ~~in lieu of tax~~. (1) Except as provided in subsections
16 subsection (2) and (3), the county treasurer shall, AFTER
17 DEDUCTING THE DISTRICT COURT FEE credit all taxes on motor
18 vehicles AND FEES IN LIEU OF TAX ON MOTOR HOMES, TRAVEL
19 TRAILERS, AND CAMPERS, ~~light vehicle license fees provided~~
20 ~~for in 61-3-532, and fees in lieu of tax on motorcycles~~
21 ~~quadracycles, motor homes, and travel trailers~~ collected
22 under 61-3-504, 61-3-521, AND [SECTION 39 40 36] to a motor
23 vehicle suspense fund, and at some time between March 1 and
24 March 10 of each year and every 60 days thereafter, the
25 county treasurer shall distribute the money in the

1 vehicle suspense fund in the relative proportions required
2 by the levies for state, county, school district, and
3 municipal purposes in the same manner as personal property
4 taxes are distributed.

5 (2) THE COUNTY TREASURER SHALL DEDUCT AS A DISTRICT
6 COURT FEE 7% OF THE AMOUNT OF THE 2% TAX COLLECTED ON AN
7 AUTOMOBILE OR TRUCK HAVING A RATED CAPACITY OF
8 THREE-QUARTERS OF A TON OR LESS. The county treasurer shall
9 credit the fee for district courts ~~from each light vehicle~~
10 ~~license fee provided for in 61-3-533~~ to a separate suspense
11 account and shall forward the amount in the account to the
12 state treasurer at the time the county treasurer distributes
13 the motor vehicle suspense fund. The state treasurer shall
14 credit amounts received under this subsection to the general
15 fund to be used for purposes of state funding of the
16 district court expenses enumerated in 3-5-901. ANY AMOUNT
17 FORWARDED TO THE STATE TREASURER UNDER THIS SUBSECTION NOT
18 USED FOR DISTRICT COURT EXPENSES MUST BE REFUNDED TO THE
19 COUNTIES IN THE PROPORTION THAT THE AMOUNT COLLECTED FROM
20 EACH COUNTY BEARS TO THE TOTAL AMOUNT COLLECTED.

21 ~~(3) The county treasurer shall credit each block grant~~
22 ~~fee to a separate suspense fund. At the time he distributes~~
23 ~~the motor vehicle suspense fund, the treasurer shall~~
24 ~~distribute the suspense fund provided for in this subsection~~
25 ~~to the state treasurer for deposit in the local government~~

1 ~~block-grant-account-provided--for--in--7-6-302.---The--funds~~
 2 ~~distributed-pursuant-to-this-subsection-must-be-used-for-the~~
 3 ~~local-government-block-grant-program-as-provided-in-7-6-304-~~
 4 61-3-509. (Effective July 1, 1987) Disposition of
 5 ~~taxes and-fees-in-lieu-of-tax. The (1) Except as provided~~
 6 ~~in subsection (2), the county treasurer shall, AFTER~~
 7 ~~DEDUCTING THE DISTRICT COURT FEE, credit all taxes on motor~~
 8 ~~vehicles, AND FEES IN LIEU OF TAX ON MOTOR HOMES, TRAVEL~~
 9 ~~TRAILERS, AND CAMPERS light-vehicle--license--fees--provided~~
 10 ~~for--in--61-3-532,--and--fees-in-lieu-of-tax-on-motorcycles,~~
 11 ~~quadricycles, motor-homes,--and--travel--trailers collected~~
 12 ~~under 61-3-504, 61-3-521, AND [SECTION 39 40 36] to a motor~~
 13 ~~vehicle suspense fund, and at some time between March 1 and~~
 14 ~~March 10 of each year and every 60 days thereafter, the~~
 15 ~~county treasurer shall distribute the money in the motor~~
 16 ~~vehicle suspense fund in the relative proportions required~~
 17 ~~by the levies for state, county, school district, and~~
 18 ~~municipal purposes in the same manner as personal property~~
 19 ~~taxes are distributed.~~
 20 (2) THE COUNTY TREASURER SHALL DEDUCT AS A DISTRICT
 21 COURT FEE 7% OF THE AMOUNT OF THE 2% TAX COLLECTED ON AN
 22 AUTOMOBILE OR TRUCK HAVING A RATED CAPACITY OF
 23 THREE-QUARTERS OF A TON OR LESS. The county treasurer shall
 24 credit the fee for district courts provided-for-in-61-3-533
 25 to a separate suspense account and shall forward the amount

1 in the account to the state treasurer at the time the county
 2 treasurer distributes the motor vehicle suspense fund. The
 3 state treasurer shall credit amounts received under this
 4 subsection to the general fund to be used for purposes of
 5 state funding of the district court expenses enumerated in
 6 3-5-901. ANY AMOUNT FORWARDED TO THE STATE TREASURER UNDER
 7 THIS SUBSECTION NOT USED FOR DISTRICT COURT EXPENSES MUST BE
 8 REFUNDED TO THE COUNTIES IN THE PROPORTION THAT THE AMOUNT
 9 COLLECTED FROM EACH COUNTY BEARS TO THE TOTAL AMOUNT
 10 COLLECTED."

11 SECTION 31,--SECTION 61-3-521, MCA, IS AMENDED TO READ:

12 "61-3-521. Fee--in--lieu--of--tax for certain vehicles
 13 motor-homes,--(1)--There is a fee in lieu of property tax
 14 imposed on motor homes, travel trailers, and campers. The
 15 fee is in addition to annual registration fees.

16 (2)--The provisions of 61-10-208 do not apply to a
 17 vehicle that qualifies under subsection (1) above motor
 18 home.

19 (3)--The fee imposed by subsection (1) above need not
 20 be paid by a dealer for vehicles that constitute inventory
 21 of the dealership."

22 SECTION 30. SECTION 61-3-522, MCA, IS AMENDED TO READ:

23 "61-3-522. Schedule of fees for motor homes. (1) The
 24 owner of a motor home shall pay a fee based on the age of
 25 the motor home according to the following schedule:

1	less than 2 years old	\$200 <u>250</u>
2	2 years old and less than 3 years old	100 <u>230</u>
3	3 years old and less than 4 years old	145 <u>195</u>
4	4 years old and less than 5 years old	100 <u>150</u>
5	5 years old and less than 6 years old	75 <u>125</u>
6	6 years old and less than 7 years old	50 <u>100</u>
7	7 years old and less than 8 years old	25 <u>75</u>
8	8 years old and older	15 <u>65</u>

9 (2) The age of a motor home is determined by
10 subtracting the manufacturer's designated model year from
11 the current calendar year."

12 SECTION 31. SECTION 61-3-523, MCA, IS AMENDED TO READ:

13 "61-3-523. Schedule of fees for travel trailers and
14 campers. (1) The fee imposed by 61-3-521 on a travel trailer
15 less than 3 years old is ~~\$40~~ \$60. In all other cases the fee
16 is ~~\$15~~ \$22.50.

17 (2) The fee imposed by 61-3-521 on a camper less than
18 3 years old is ~~\$35~~ \$52.50. In all other cases the fee is
19 ~~\$15~~ \$22.50.

20 (3) The age of a travel trailer or camper is
21 determined by subtracting the manufacturer's designated
22 model year from the current calendar year."

23 Section 32. Section 61-3-524, MCA, is amended to read:

24 "61-3-524. ~~Fee-paid~~ Tax-paid decal required on camper
25 -- application for decal -- application fee -- issuance. (1)

1 No camper, subject to taxation in Montana, may be operated
2 by any person on the public highways or streets in this
3 state unless there is displayed in a conspicuous place
4 thereon a decal as visual proof that the ~~fee-in-lieu-of~~ tax
5 has been paid thereon for the current year.

6 (2) Application for the issuance of the decal shall be
7 made to the department of revenue or the county treasurer
8 upon forms to be furnished for this purpose, which may be
9 obtained from the department or at the county treasurer's
10 office in the county wherein the owner resides, and is to
11 provide for substantially the following information:

- 12 (a) name of owner;
- 13 (b) address;
- 14 (c) name of manufacturer;
- 15 (d) model number;
- 16 (e) make;
- 17 (f) year of manufacture;
- 18 (g) statement evidencing payment of the ~~fee-in-lieu-of~~
19 property tax; and
- 20 (h) such other information as the department may
21 require.

22 (3) The application must be signed by the county
23 treasurer and transmitted by him to the department
24 accompanied by an application fee of \$1. Upon receipt of the
25 application in approved form the department or county

treasurer shall issue to the applicant a decal in the style and design prescribed by the department and of a different color than the preceding year, numbered numerically."

Section 33--Section 61-3-531, MCA, is amended to read:

"61-3-531--Light vehicle fee vehicles ---- definitions:

As--used--in--61-3-531--through--61-3-536 61-3-533--through 61-3-535, the following definitions apply:

(1)--"Light vehicle"--means an automobile or a truck having a rated capacity of three quarters of a ton or less.

(2)--"Vehicle age"--means the difference between the calendar year of the first day of the registration period and the manufacturer's designated model year."

Section 34--Section 61-3-533, MCA, is amended to read:

"61-3-533--(Temporary) Schedule of fees District court fee for automobiles and light trucks vehicles: (1) Except as provided in subsection (3), the The (1) EXCEPT AS PROVIDED IN SUBSECTION (2), THE following schedule, based on vehicle age and weight, is used to determine the a district court fee imposed by 61-3-532:

Vehicle Age	Weight	Weight					
		More					
		2,850	Block	District	Than	Block	District
	Pounds	Grant	Court	2,850	Grant	Court	
	or less	Pee	Fee	Pounds	Fee	Fee	
less--than							

or--equal

to-----4

years	\$70	\$6	\$7	\$90	\$7.50	\$7
-------	------	-----	-----	------	--------	-----

More than 4

years and

less than

8--years	40	3	5	50	4	5
----------	----	---	---	----	---	---

8 years old

and--over	10	1.50	2.50	15	2	2.50
-----------	----	------	------	----	---	------

(2)--(a) The fee for a light vehicle is determined by:

(i)--multiplying the appropriate dollar amount from the table in subsection (1), but not the block grant fee or the district court fee, by the ratio of the PCE for the second quarter of the year prior to the year of licensing to the PCE for the second quarter of 1981, and

(ii)--rounding the product thus obtained to the nearest whole dollar amount.

(b)--"PCE"--means the implicit price deflator for personal consumption expenditures as published quarterly in the Survey of Current Business by the bureau of economic analysis of the United States department of commerce.

(3)--The light vehicle license fee for disabled veterans qualifying under the provisions of 61-3-451 through 61-3-455 is \$87 with \$3 of the fee earmarked for district courts.

(2)--THE--DISTRICT--COURT--FEE--FOR--A--LIGHT--VEHICLE--OWNED
BY--A--DISABLED--VETERAN--QUALIFYING--FOR--SPECIAL--LICENSE--PLATES
UNDER--61-3-451--IS--\$3.

(3)--THE--DISTRICT--COURT--FEE--IS--NOT--IN--ADDITION--TO
VEHICLE--PROPERTY--TAXES;--THE--COUNTY--TREASURER--SHALL--DEDUCT
THE--DISTRICT--COURT--FEE--FROM--THE--VEHICLE--PROPERTY--TAX--AND
CREDIT--THE--FEE--TO--A--SUSPENSE--ACCOUNT--AS--PROVIDED--IN
61-3-509.

61-3-533--(Effective--July--1,--1987)--Schedule--of--fees
 District--court--fee for--automobiles--and--light--trucks
 vehicles. (1)--Except--as--provided--in--subsection--(3),--the The
 (1)--EXCEPT--AS--PROVIDED--IN--SUBSECTION--(2),--THE following
 schedule, based--on--vehicle--age--and--weight,--is--used--to
 determine--the a--district--court fee--imposed--by--61-3-532:

Vehicle-Age	Weight District-Court Fee	
	2,850-Pounds	More-Than
	or-less	2,850-Pounds
less-than-or-equal-to-4-years	\$70 <u>\$7</u>	\$90
More-than-4--years--and--less	40 <u>5</u>	50
than-8-years		
8-years-old-and-over	10 <u>2.50</u>	15

(2)--(a)--The--fee--for--a--light--vehicle--is--determined--by:
 (i)--multiplying--the--appropriate--dollar--amount--from--the
 table--in--subsection--(1)--by--the--ratio--of--the--FEE--for--the
 second--quarter--of--the--year--prior--to--the--year--of--licensing--to

the--FEE--for--the--second--quarter--of--1981;--and

(ii)--rounding--the--product--thus--obtained--to--the--nearest
 whole--dollar--amount.

(b)--"FEE"--means--the--implicit--price--deflator--for
 personal--consumption--expenditures--as--published--quarterly--in
 the--Survey--of--Current--Business--by--the--bureau--of--economic
 analysis--of--the--United--States--department--of--commerce.

(3)--The--light--vehicle--license--fee--for--disabled
 veterans--qualifying--under--the--provisions--of--61-3-451--through
 61-3-455--is--\$5.

(2)--THE--DISTRICT--COURT--FEE--FOR--A--LIGHT--VEHICLE--OWNED
BY--A--DISABLED--VETERAN--QUALIFYING--FOR--SPECIAL--LICENSE--PLATES
UNDER--61-3-451--IS--\$3.

(3)--THE--DISTRICT--COURT--FEE--IS--NOT--IN--ADDITION--TO
VEHICLE--PROPERTY--TAXES;--THE--COUNTY--TREASURER--SHALL--DEDUCT
THE--DISTRICT--COURT--FEE--FROM--THE--VEHICLE--PROPERTY--TAX--AND
CREDIT--THE--FEE--TO--A--SUSPENSE--ACCOUNT--AS--PROVIDED--IN
61-3-509."

Section--35--Section--61-3-534,--MCA,--is--amended--to--read:

"61-3-534--Payment--of fee property-tax required--for
 operation--(1)--No--light--vehicle--subject--to--the--fee--imposed
 by--61-3-532 a--property-tax may--be--operated--unless--the--fee
tax has--been--paid--and--the--vehicle--is--licensed.

(2)--A--properly--licensed--and--registered--light--vehicle
 may--be--operated--within--Montana,--subject--to--all--applicable

~~federal, state, and local laws."~~

Section 33. Section 61-3-535, MCA, is amended to read:

"61-3-535. ~~Light--vehicle~~ Vehicle reregistration by mail. (1) The department shall develop a procedure to permit the reregistration of light vehicles and other vehicles subject to tax under 61-3-504(2) with the county treasurer by mail at the option of the owner of the vehicle. The option to reregister by mail need only be made available for vehicles registered at the close of the expiring registration period in the name of the applicant for reregistration.

(2) The form to be returned to the county treasurer by the applicant, with the appropriate tax and fees, is to contain a statement, to be subscribed to by the applicant, stating compliance with the financial liability requirements of 61-6-301.

~~(3)--The procedure for mail reregistration must--be--in effect by January 1, 1982.~~

~~(4)~~ (3) The department may adopt rules to implement the mail reregistration procedure."

Section 34. Section 61-3-701, MCA, is amended to read:

"61-3-701. Foreign vehicles used in gainful occupation to be registered -- reciprocity. (1) Before any foreign licensed motor vehicle may be operated on the highways of this state for hire, compensation, or profit or before the

owner and/or user thereof uses the vehicle if such owner and/or user is engaged in gainful occupation or business enterprise in the state, including highway work, the owner of the vehicle shall make application to a county treasurer for registration upon an application form furnished by the department. Upon satisfactory evidence of ownership submitted to the county treasurer and the payment of property taxes, if appropriate, as required by 15-8-201, 15-8-202, or 15-24-301, or 61-3-504, OR [SECTION 39 36] ~~or the--payment-of-the-light-vehicle-license-fee-as-provided-by 61-3-532-or-the-fee-in-lieu-of-tax-as-provided-by--61-3-541,~~ the treasurer shall accept the application for registration and shall collect the regular license fee required for the vehicle.

(2) The treasurer shall thereupon issue to the applicant a copy of the certificate entitled "Owner's Certificate of Registration and Payment Receipt" and forward a duplicate copy of the certificate to the department. The treasurer shall at the same time issue to the applicant the proper license plates or other identification markers, which shall at all times be displayed upon the vehicle when operated or driven upon roads and highways of this state during the period of the life of the license.

(3) The registration receipt shall not constitute evidence of ownership but shall be used only for

1 registration purposes. No Montana certificate of ownership
2 shall be issued for this type of registration.

3 (4) This section is not applicable to any vehicle
4 covered by a valid and existing reciprocal agreement or
5 declaration entered into under the provisions of the laws of
6 Montana."

7 Section 35. Section 61-6-302, MCA, is amended to read:

8 "61-6-302. Proof of compliance. (1) Except as provided
9 in subsection (2), before any applicant required to register
10 his motor vehicle may do so, the applicant must certify to
11 the county treasurer that he possesses an automobile
12 liability insurance policy, a certificate of self-insurance,
13 or a posted indemnity bond or that he is eligible for an
14 exemption under 61-6-303 covering the motor vehicle. The
15 certification shall be on a form prescribed by the
16 department. The department may immediately cancel the
17 registration and license plates of the vehicle upon
18 notification that the insurance certification was not
19 correctly represented. Any person who intentionally provides
20 false information on an insurance certification is guilty of
21 unsworn falsification to authorities, punishable as provided
22 in 45-7-203.

23 (2) An applicant for registration of ~~an automobile or~~
24 ~~a truck having a rated capacity of three-quarters of a ton~~
25 ~~or less~~, a motor vehicle who wishes to register the vehicle

1 by mail must sign a statement on the application stating
2 that the applicant is in compliance with the financial
3 liability requirements of 61-6-301.

4 (3) An owner of a motor vehicle who ceases to maintain
5 the insurance or bond required or whose certificate of
6 self-insurance is canceled or whose vehicle ceases to be
7 exempt shall immediately surrender the registration and
8 license plates for the vehicle to the county treasurer for
9 delivery to the department and may not operate or permit
10 operation of the vehicle in Montana until insurance has
11 again been furnished as required and the vehicle is again
12 registered and licensed.

13 (4) Every person shall carry in a motor vehicle being
14 operated by him an insurance card approved by the department
15 but issued by the insurance carrier to the motor vehicle
16 owner as proof of compliance with 61-6-301. A motor vehicle
17 operator shall exhibit the insurance card upon demand of a
18 justice of the peace, a city or municipal judge, a peace
19 officer, a highway patrolman, or a field deputy or inspector
20 of the department. However, no person charged with violating
21 this subsection may be convicted if he produces in court or
22 the office of the arresting officer proof of insurance valid
23 at the time of his arrest."

24 NEW SECTION. SECTION 36. LOCAL OPTION VEHICLE TAX.

25 (1) A COUNTY MAY IMPOSE A LOCAL VEHICLE TAX ON VEHICLES

SUBJECT TO A PROPERTY TAX UNDER 61-3-504(2) AT THE RATE OF A
RATE OF UP TO 0.5% OF THE VALUE DETERMINED UNDER 61-3-503,
IN ADDITION TO THE TAX IMPOSED UNDER 61-3-504(2).

(2) A LOCAL VEHICLE TAX IS PAYABLE AT THE SAME TIME
AND IN THE SAME MANNER AS THE TAX IMPOSED UNDER 61-3-504(2)
AND IS DISTRIBUTED IN THE SAME MANNER, BASED ON THE
REGISTRATION ADDRESS OF THE OWNER OF THE MOTOR VEHICLE.

(3) THE GOVERNING BODY OF A COUNTY MAY IMPOSE A LOCAL
VEHICLE TAX FOR A FISCAL YEAR BY ADOPTING A RESOLUTION
BEFORE JULY 1 OF THE FISCAL YEAR, AFTER CONDUCTING A PUBLIC
HEARING ON THE PROPOSED RESOLUTION IF THE TAX IS APPROVED BY
THE ELECTORS OF THE COUNTY FOR A FISCAL YEAR BY ADOPTING A
RESOLUTION BEFORE JULY 1 OF THE FISCAL YEAR, AFTER
CONDUCTING A PUBLIC HEARING ON THE PROPOSED RESOLUTION.

NEW SECTION. Section 40. Disposition of oil severance
tax revenue. Any amount that is received after July 1,
1987, from oil severance revenues for any payment period
ending before July 1, 1987, and is deposited in the local
government block grant account must be distributed pursuant
to Title 7, chapter 6, part 3, as that part read prior to
July 1, 1987.

NEW SECTION. SECTION 37. ANNIVERSARY REREGISTRATION.
A PERSON MAY NOT CHANGE THE ANNIVERSARY DATE FOR
REREGISTRATION OF A VEHICLE PURSUANT TO THE PROVISIONS OF
61-3-315 FROM [THE EFFECTIVE DATE OF THIS ACT] UNTIL JANUARY

1, 1988.

NEW SECTION. Section 38. Repealer. (1) Sections
7-6-301 through 7-6-309, MCA, ARE REPEALED.

(2) SECTIONS 61-3-521 through 61-3-523, 61-3-532
61-3-531 THROUGH 61-3-534, 61-3-536, 61-3-541, and 61-3-542,
MCA, are repealed.

NEW SECTION. Section 39. Extension of authority. Any
existing authority of the department of revenue, the
department of justice, or the department of commerce to make
rules on the subject of the provisions of this act is
extended to the provisions of this act.

NEW SECTION. Section 40. Effective date DATES --
applicability -- TERMINATION. (1) SECTION 40(1) 42(1) 38(1)
IS EFFECTIVE JULY 1, 1987.

(2) This act is effective on passage and approval and
applies to motor vehicles registered on or after July 1,
1987.

(3) (A) SECTION 40 36 TERMINATES JULY 1, 1989.

(B) SECTION 41 37 TERMINATES JANUARY 1, 1988.

-End-

SUBJECT TO A PROPERTY TAX UNDER 61-3-504(2) AT ~~THE RATE OF A~~
 RATE OF UP TO 0.5% OF THE VALUE DETERMINED UNDER 61-3-503,
 IN ADDITION TO THE TAX IMPOSED UNDER 61-3-504(2).

(2) A LOCAL VEHICLE TAX IS PAYABLE AT THE SAME TIME
 AND IN THE SAME MANNER AS THE TAX IMPOSED UNDER 61-3-504(2)
 AND IS DISTRIBUTED IN THE SAME MANNER, BASED ON THE
 REGISTRATION ADDRESS OF THE OWNER OF THE MOTOR VEHICLE.

(3) THE GOVERNING BODY OF A COUNTY MAY IMPOSE A LOCAL
 VEHICLE TAX ~~FOR A FISCAL YEAR BY ADOPTING A RESOLUTION~~
~~BEFORE JULY 1 OF THE FISCAL YEAR, AFTER CONDUCTING A PUBLIC~~
~~HEARING ON THE PROPOSED RESOLUTION IF THE TAX IS APPROVED BY~~
~~THE ELECTIONS OF THE COUNTY~~ FOR A FISCAL YEAR BY ADOPTING A
 RESOLUTION BEFORE JULY 1 OF THE FISCAL YEAR, AFTER
 CONDUCTING A PUBLIC HEARING ON THE PROPOSED RESOLUTION.

~~NEW SECTION. Section 40. Disposition of oil severance~~
~~tax revenue. Any amount that is received after July 1,~~
~~1987, from oil severance revenues for any payment period~~
~~ending before July 1, 1987, and is deposited in the local~~
~~government block grant account must be distributed pursuant~~
~~to Title 7, chapter 6, part 3, as that part read prior to~~
~~July 1, 1987.~~

NEW SECTION. SECTION 37. ANNIVERSARY REREGISTRATION.
 A PERSON MAY NOT CHANGE THE ANNIVERSARY DATE FOR
 REREGISTRATION OF A VEHICLE PURSUANT TO THE PROVISIONS OF
 61-3-315 FROM [THE EFFECTIVE DATE OF THIS ACT] UNTIL JANUARY

1, 1988.

NEW SECTION. Section 38. Repealer. (1) Sections
 7-6-301 through 7-6-309, MCA, ARE REPEALED.

(2) SECTIONS 61-3-521 through 61-3-523, 61-3-532
 61-3-531 THROUGH 61-3-534, 61-3-536, 61-3-541, and 61-3-542,
 MCA, are repealed.

NEW SECTION. Section 39. Extension of authority. Any
 existing authority of the department of revenue, the
 department of justice, or the department of commerce to make
 rules on the subject of the provisions of this act is
 extended to the provisions of this act.

NEW SECTION. Section 40. Effective date DATES --
 applicability -- TERMINATION. (1) SECTION ~~40~~ ~~42~~ 38(1)
 IS EFFECTIVE JULY 1, 1987.

(2) This act is effective on passage and approval and
 applies to motor vehicles registered on or after July 1,
 1987.

(3) (A) SECTION ~~40~~ 36 TERMINATES JULY 1, 1989.

(B) SECTION ~~41~~ 37 TERMINATES JANUARY 1, 1988.

-End-

be used for purposes of state funding of the district court expenses enumerated in 3-5-901. Any amount forwarded to the state treasurer under this subsection not used for district court expenses must be refunded to the counties in the proportion that the amount collected from each county bears to the total amount collected."

Section 30. Section 61-3-522, MCA, is amended to read:

"61-3-522. Schedule of fees for motor homes. (1) The owner of a motor home shall pay a fee based on the age of the motor home according to the following schedule:

less than 2 years old	\$250
2 years old and less than 3 years old	230
3 years old and less than 4 years old	195
4 years old and less than 5 years old	150
5 years old and less than 6 years old	125
6 years old and less than 7 years old	100
7 years old and less than 8 years old	75
8 years old and older	65

(2) The age of a motor home is determined by subtracting the manufacturer's designated model year from the current calendar year."

Section 31. Section 61-3-523, MCA, is amended to read:

"61-3-523. Schedule of fees for travel trailers and campers. (1) The fee imposed by 61-3-521 on a travel trailer less than 3 years old is \$60. In all other cases the fee is \$22.50.

(2) The fee imposed by 61-3-521 on a camper less than 3 years old is \$52.50. In all other cases the fee is \$22.50.

(3) The age of a travel trailer or camper is determined by subtracting the manufacturer's designated model year from the current calendar year."

Section 32. Section 61-3-524, MCA, is amended to read:

"61-3-524. Tax-paid decal required on camper — application for decal — application fee — issuance. (1) No camper, subject to taxation in Montana, may be operated by any person on the public highways or streets in this state unless there is displayed in a conspicuous place thereon a decal as visual proof that the tax has been paid thereon for the current year.

(2) Application for the issuance of the decal shall be made to the department of revenue or the county treasurer upon forms to be furnished for this purpose, which may be obtained from the department or at the county treasurer's office in the county wherein the owner resides, and is to provide for substantially the following information:

- (a) name of owner;
- (b) address;
- (c) name of manufacturer;
- (d) model number;

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Adopted by Chapter 1, Laws of 1979

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Code Commissioner
&
Director Legal Services

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(3) The fee imposed by subsection (1) above need not be paid by a dealer for vehicles that constitute inventory of the dealership.

History: En. Sec. 1, Ch. 712, L. 1979; amd. Sec. 1, Ch. 13, L. 1981.

Cross-References

"Camper" defined, 61-1-129.

"Motor home" defined, 61-1-130.

"Travel trailer" defined, 61-1-131.

Motor vehicle dealers, Title 61, ch. 4, part 1.

61-3-522. Schedule of fees for motor homes. (1) The owner of a motor home shall pay a fee based on the age of the motor home according to the following schedule:

less than 2 years old	\$250
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3 years old and less than 4 years old	195
4 years old and less than 5 years old	150
5 years old and less than 6 years old	125
6 years old and less than 7 years old	100
7 years old and less than 8 years old	75
8 years old and older	65

(2) The age of a motor home is determined by subtracting the manufacturer's designated model year from the current calendar year.

History: En. Sec. 2, Ch. 712, L. 1979; amd. Sec. 30, Ch. 611, L. 1987.

Cross-References

"Motor home" defined, 61-1-130.

61-3-523. Schedule of fees for travel trailers and campers. (1) The fee imposed by 61-3-521 on a travel trailer less than 3 years old is \$60. In all other cases the fee is \$22.50.

(2) The fee imposed by 61-3-521 on a camper less than 3 years old is \$52.50. In all other cases the fee is \$22.50.

(3) The age of a travel trailer or camper is determined by subtracting the manufacturer's designated model year from the current calendar year.

History: En. Sec. 3, Ch. 712, L. 1979; amd. Sec. 31, Ch. 611, L. 1987.

Cross-References

"Camper" defined, 61-1-129.

"Travel trailer" defined, 61-1-131.

61-3-524. Tax-paid decal required on camper — application for decal — application fee — issuance. (1) No camper, subject to taxation in Montana, may be operated by any person on the public highways or streets in this state unless there is displayed in a conspicuous place thereon a decal as visual proof that the tax has been paid thereon for the current year.

(2) Application for the issuance of the decal shall be made to the department of revenue or the county treasurer upon forms to be furnished for this purpose, which may be obtained from the department or at the county treasurer's office in the county wherein the owner resides, and is to provide for substantially the following information:

- (a) name of owner;
- (b) address;
- (c) name of manufacturer;
- (d) model number;